Recycled Water
Treatment Plant

Dedication of the
Recycled Water Treatment Plant

Comprehensive Annual Financial Report

For the year ended December 31, 2004
Denver, Colorado

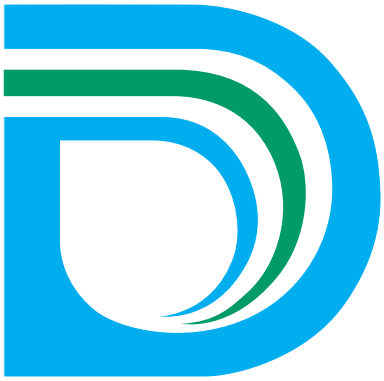
DENVER WATER

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

Front cover, above left: Denver Water's Recycled Water Treatment Plant in Commerce City was completed in 2004 to process high-quality, nonpotable water for industrial customers and irrigators. When fully extended in 2013, the recycling system will be able to deliver up to 17,600 acre feet of recycled water annually to customers in central and east Denver and the northern suburbs.

Front cover, lower right: Denver Mayor John Hickenlooper, left, participated in dedication ceremonies on April 15, 2004, at the recycling plant with Water Board Commissioner Richard Kirk, Manager Chips Barry and Commissioner Denise Maes. They opened a valve in the plant's pump station to begin flow of recycled water.

DENVER WATER
Comprehensive Annual Financial Report



DENVER WATER

For the year ended December 31, 2004
Denver, Colorado

Prepared by the Accounting Section
of the Finance Division

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

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INTRODUCTORY SECTION

DENVER WATER

May 1, 2005

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report ("CAFR") of Denver Water for the year ended December 31, 2004.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on Denver Water's financial statements for the years ended December 31, 2004 and 2003. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Denver Water

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver ("City"). The Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member Board of Water Commissioners (the "Board") appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. It also operates six power plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Associates, for internal consumption, and for repayment to the Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. However, the City has elected to include Denver Water's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

> *Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.*

Although Denver Water is not legally required to adopt budgetary accounting and reporting, the annual budget serves as the foundation for Denver Water's financial planning and control. The budget process involves:

- Maintaining a long-range plan for addition and replacement of water system facilities based on projected demands for water, which is updated annually and is used as a basis for projecting capital expenditures in the budget.

- Maintaining a long-range plan for operation and maintenance activities.

- Developing a long-range financial plan for issuance of debt and adjustment of water rates.

- Developing annual work plans by program (raw water, reuse, water treatment, delivery, and general plant), based on the long-range plan, for operation and maintenance activities and capital projects.

- Establishing cost control center budgets for labor, materials, and services for each of the projects or activities listed on the annual operation and maintenance and capital work plans, which are combined on a total entity basis.

- Providing explanations for significant variances between budgeted and actual expenditures to the Board on a monthly basis.

Factors Affecting Economic Condition

The information presented in the financial statements presents Denver Water's current financial position, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver Water's economic condition, i.e., both existing and *future*

resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or deteriorate.

Local Economy

The City is the center of economic activity in the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capital, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. The economy of the metropolitan area generally mirrors that of the state. An overview of the general demographic and economic conditions in the Denver metropolitan area can be found in Section D, "Demographic and Economic Information", in the Statistical Section.

Long-Term Financial Planning

The 10-Year Capital Plan for 2005 – 2014 is characterized by large capital expenditures for the years 2007 – 2009. The large expenditures are a result of accelerating two projects, the remaining distribution system for the Recycled Water Plant, and the Moffat Collection System Project. The latter involves constructing a new reservoir, expansion of an existing reservoir, or a combination of both to augment our short supply to the northern service area.

The objective of the 10-Year Financial Plan was to meet these capital needs through smooth, predictable rate increases, the use of existing reserves, and new debt. Cash reserves will be used during the first, second, and third years of the plan. This approach allows Denver Water some financing flexibility by using a mix of cash and debt, and does not obligate ratepayers to unnecessarily pay new debt service through their rates. The resulting rate increases are 4-8% through the ten-year period.

Relevant Financial Policies – Cash Management

Denver Water established a comprehensive set of financial policies as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies are listed in the Budget Book, one of which is the following:

"Denver Water balances its budget by the planned use of or contribution to designated balances. The designated balances are maintained to provide for financial impacts to operation and maintenance, capital replacement, debt service and self insurance. This approach is in accordance with the City Charter, which allows the accumulation of funds for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year."

Denver Water's designated balance consists of two investment portfolios, a liquidity portfolio which is designed to provide funds to meet obligations when they come due, and an investment portfolio which is designed to attain a market average rate of return over a full market cycle. Denver Water earned investment income of $4.2 million on its investments in 2004, compared to $4.4 million in 2003, including changes in fair market values. There was also interest income of

$0.6 million from other sources in 2004, for a total of $4.8 million. The 12-month total return on the investment portfolio was 4.7% in 2004, compared to 5.4% in 2003, and on the liquidity portfolio was 1.3% in 2004, compared to 1.1% in 2003. Note 2, *"Investments"*, in the Financial Section provides more information on Denver Water's investments.

Major Initiatives

In connection with the Moffat Collection System Project discussed above, Denver Water will continue to prepare an environmental impact statement ("EIS"). The EIS is the first step in a process that will culminate in seeking authorization from the U.S. Army Corps of Engineers for the construction of the project. When approved and constructed, the project will provide up to 18,000 acre-feet of new water to the Moffat Treatment Plant, and will help meet projected near-term demand for treated water. It will also reduce problems related to water delivery attributed to insufficient water supplies available to the Moffat plant. In 2005, Denver Water will continue working through the National Environmental Policy Act (EIS) process to gain permits for this north end supply effort. A draft EIS is expected to be published in early 2006.

Denver Water will continue its focus on information technology infrastructure improvements. The creation of a new Customer Information and Billing System (CIS) is the central piece of this effort. By consolidating customer-related information, the CIS makes it easier to track the history of a customer's account, from the sale of the original tap to its most recent bill. The CIS will serve as the backbone for a number of important information-driven initiatives, including monthly billing; expanded online, in-person, and voice-activated customer services; and a variety of mobile workforce automation projects to dispatch, route, and track field personnel as efficiently as possible. As important, the CIS will make it easier to support emerging water rate designs—and to drastically reduce the programming necessary to implement them.

SEC Periodic Disclosure Requirements

Securities and Exchange Commission ("SEC") Rule 15c2-12 requires that issuers of municipal securities undertake in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information to various information repositories. The Government Finance Officers Association of the United States and Canada ("GFOA") recommends that these disclosures be contained in the CAFR.

The disclosures required to be provided by Denver Water pursuant to various Continuing Disclosure Undertakings that have been executed by the Board in order that participating underwriters may comply with this rule can be found on the following pages:

Information related to the City and County of Denver is available through independent publication of the City.

Awards and Acknowledgements

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2003. This was the sixteenth consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

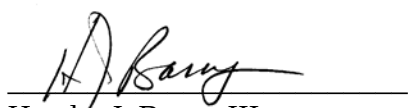
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget. In addition, Denver Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2004. This is the twelfth consecutive year Denver Water has received this award. In order to qualify for this award, Denver Water's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

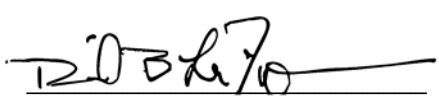
Acknowledgments

We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver Water's finances.

Sincerely,



Hamlet J. Barry, III
Manager, Denver Water



David B. LaFrance
Director of Finance

The Year 2004 in Review

Denver Water spent the last year amid the continuing drought. The drought had two major impacts: a reduced water supply in the utility's reservoirs and substantially reduced revenue brought on by necessary reductions in water consumption.

Three causes were responsible for this drop in water sales: voluntary conservation measures, which Denver Water encouraged in the early months of the year; water-use restrictions, which the utility mandated mid-year when the scope of drought became clear; and a drought surcharge, also implemented at mid-year, which put additional downward pressure on water use.

What remained unchanged in 2004 were the utility's operational realities: fixed costs and a substantial list of maintenance tasks necessary to maintain its infrastructure properly. Nevertheless, Denver Water did its best to streamline operations, defer maintenance when possible, limit hiring, and carry out other measures to reduce spending as much as possible during the year.

In fact, despite the complexities of managing in a drought, the utility kept a series of significant capital construction projects on schedule. It finished the Recycled Water Plant on time and completed a series of improvements to the Marston Treatment Plant to help ensure as predictable a water supply as possible. It also accelerated a pipe rehabilitation program, relining 29,000 feet of conduit to protect against costly pipe failure.

Denver Water also engaged in a number of capacity-planning, conservation, and efficiency efforts that will ultimately improve its ability to serve an increasing customer base more reliably and efficiently.

For the moment, the future of Denver Water would seem to be one of less water availability, reduced revenue, and continued fixed operational costs. Yet drought is a part of the natural weather cycle in Colorado, and at some point the region will emerge from it.

To that end, the utility will continue to monitor snow pack and reservoir conditions, encourage voluntary conservation, implement water restrictions as needed, and take the steps necessary to manage and maintain an adequate and reliable water supply for its customers.

Employment and Customer Statistics

Over the past 10 years, the number of Denver Water employees has risen from 1,023 in 1994 to 1,038 at the end of 2004, an increase of 1.5 percent. Many vacant positions were not filled in 2004 due to the drought, creating a vacancy rate of approximately six percent for the year or double the normal amount. If staffing levels had been kept at normal levels, the utility would have had approximately 1,051 employees at the end of 2004.

Meanwhile, the average number of treated-water customer accounts for Denver Water has risen from 261,000 in 1994 to 299,000 at the end of 2004, a 14.6 percent increase.

Demand and Consumption

A combination of drought restrictions and conservation awareness resulted in reduced water sales in 2004. Consumption for the year totaled 60.6 billion gallons compared to 65.4 billion gallons in 2003, 75.2 billion gallons in 2002, and 81.1 billion gallons in 2001. The peak day usage for 2004 was 317.7 million gallons compared with 370.1 million gallons in 2003. By comparison, the all-time peak day usage was 553.3 million gallons in 1989.

The average temperature in the Denver area last year was 51.9 degrees, which is 1.3 degrees above normal. The total precipitation for the Denver metro area was 15.0 inches, which was eight inches below normal but 1.2 inches higher than the 13.8 inches of precipitation the area received in 2003. During 2004, Denver recorded 20 days where temperatures reached 90 or more degrees; the record for the number of days where temperatures reached or exceeded 90 degrees is 61, which was set in 2000.

Drought Response

Denver Water undertook numerous efforts to manage water resources effectively during the drought of 2004. Those efforts included:

- Summer Watering Restrictions. On May 1, Denver Water declared a Stage II drought response. This response called for mandatory drought measures and penalties for violating them. These measures addressed outdoor watering; watering of new landscapes, large common or public irrigated areas, and golf courses; washing of vehicles, including fleet vehicles; washing of impervious surfaces; the serving of water by restaurants; and the use of raw water. The measures restricted outdoor irrigation to a two-day per week schedule.

  In response to customer requests for flexibility on which days they could water, the Board allowed a third-day alternative beginning July 1st, but warned that using the alternative day as an additional day may result in a surcharge for many customers given typical water utilization.

- Drought Consumption Surcharge & Rebate Program. A drought surcharge is a temporary charge designed to encourage conservation and to act as an enforcement mechanism for other drought restrictions. Denver Water put two such surcharges into effect in 2004: one on tap sales (see below) and the other on water consumption. The consumption surcharge was in effect from June 1 to August 30 of 2004 and was similar to that of the summer of 2003.

  To calculate the consumption surcharge for non-residential and wholesale customers, the utility compared water consumption in 2004 to that of 2001, a year considered to be

representative of normal weather and consumption. Those who reduced consumption by 30 percent or more compared to 2001 incurred no surcharge. Those whose consumption was greater than that of 2001—or whose savings was less than 30 percent—incurred a surcharge on a sliding scale.

To calculate the consumption surcharge for residential customers, the utility compared water consumption in 2004 to a series of fixed benchmarks, starting at 18,000 gallons for a two-month period. Those who used more than a benchmark amount incurred a surcharge while those who used less did not. The level of the residential surcharge increased as a customer's usage increased and as their consumption passed from one benchmark to another. At its maximum level, the surcharge increased the price of 1,000 gallons of water by approximately 500 percent.

Over the course of the consumption-surcharge program, it became clear that many residential customers were meeting the Board's goals of reducing demand but were still incurring significant surcharges. This was due, in part to the fact that the surcharge was dependent on a series of fixed benchmarks as opposed to those that were individualized for each customer. As a result, the Board wanted to create a method for returning the surcharges to residential customers who reduced their demand by 30 percent.

So the utility designed a surcharge-rebate program that created individual consumption targets for residential customers. For those who reduced their consumption by 30 percent or more compared to 2001, the utility returned all surcharges paid. For those who consumed more than they did in 2001—or who reduced their consumption by less than 30 percent—the utility returned their surcharges on a sliding scale. Under this program, nearly all residential customers received some of their surcharges back. The utility also instituted an appeals process for those wanting a reevaluation of the surcharges they paid in 2004.

The first surcharge rebate credits appeared on water bills in late 2004, with final credits issued in mid-January, 2005. Customers received the rebate in the form of a credit on their water bill. In total, Denver Water has rebated $5.9 million in surcharges to customers.

- Drought Tap Surcharge and Rebate Program. All builders requiring new or expanded water service pay Denver Water a System Development Charge (SDC) to connect to the utility's water-distribution system. As they did in 2002 and 2003, these builders paid an additional fee in 2004: a 20 percent drought tap surcharge. The purpose of this surcharge was to help balance the financial burden of the drought between existing customers and planned new developments. The surcharge was removed in late August as the result of significantly improved reservoir storage.

  The rebate program, which lasted from June through September, reimbursed customers $564,430, including $365,250 for residential washing machines, $157,200 for water-saving toilets, $28,920 for soil amendments, $2,040 for irrigation controllers, and $11,020 for other items.

In addition to the immediate water savings during a drought, an additional key benefit of the rebate program is that it introduces Denver Water's customers to a wide range of water-efficiency technologies and resources that can help to lessen water demands in future years.

The total tap surcharge receipts collected from 2002-2004 were $4,196,823; the total rebates paid over the three years were $4,253,515.

- Car Wash Certification Program. In cooperation with industry representatives, Denver Water developed the Car Wash Certification Program to promote efficiency guidelines for car washes and to achieve additional savings during the drought. There are now 236 commercial car washes operations-certified under this program that have generated approximately 250 acre-feet of water savings.

- Mass Market Advertising. Denver Water's advertising campaign for 2004 consisted primarily of television ads that stressed ways to save water. The utility's print publications and Web site also carried messages to keep the public aware of the need to eliminate water waste. Additionally, the utility worked to educate customers about water rates and how their design helps recover the cost of its services. This work included the publication "How Denver Water Spends Your Money."

- Water Wise Program. For five years, Denver Water has helped to sponsor the WaterWise™ Resource Action Program in the Denver Public School system and suburban school systems in the Denver Water service area. Using a curriculum designed for fifth-grade students, the program encourages water conservation in the home and includes retrofit kits that the students install in their own homes and then measure water savings.

- Dead-End Main Water Recovery. In any water-distribution system, water collects in dead-end mains. During 2004, Denver Water crews flushed approximately 7.92 million gallons of water from 2,240 dead-end mains during its annual flushing program. The utility used a minimal amount of water to flush the mains; it used the recovered water to irrigate nearby landscaping using hoses or captured it in tank trucks for irrigation or construction purposes. Three tank trucks and two times the normal staffing were used to complete this task at a cost of approximately $144,300.

- Cloud Seeding. From November of 2003 until March of 2004, Denver Water engaged in a cloud-seeding program. The goal of the program was increasing the snow pack in the Upper Blue River Basin and South Platte watershed and focusing on the South Platte basin. The program relied on 38 ground-based seeding generators to create conditions favorable for precipitation. The contracted cost for the program was $400,000, 20 percent of which was borne by other users who benefit from increased snow pack.

  For the winter of 2004-2005, Denver Water has awarded a standby contract of $40,000 to keep the generators in place and available to seed either during the winter of 2004-2005 or later seasons.

- Other Water-Saving Incentive Programs. Denver Water's commercial/industrial incentive program rewards companies and organizations for reducing water use. Not only does this approach provide an incentive for customers to use water more efficiently and lower their bills, it helps free up relatively low-cost water that can be used to supply future customers without requiring new water-supply projects to be developed.

  Denver Water negotiates efficiency contracts with commercial and industrial customers—in essence buying back their saved water. The current price paid for water savings is $4,500 per acre-foot—about 326,000 gallons—with a total payment not to exceed $40,000 for a given project. To date, 52 participants in these programs have saved 489 acre feet, or 89 million gallons of water per year.

  Denver Water currently has seven active irrigation efficiency contracts, which saved approximately 82 acre-feet—27 million gallons—of water during the 2004 irrigation season. The utility is also developing an online program to track cooling-tower efficiency.

Capital Construction

Despite the financial challenges caused by the drought, Denver Water kept a number of significant capital projects on track in 2004 and worked to accelerate others to satisfy the projected long-term demand of its customers. These projects will improve the utility's ability to serve more customers more efficiently.

- Recycled Water Plant. In March, Denver Water completed the first phase of the Recycled Water Plant. The plant, which opened on schedule, is now capable of producing 30 million gallons of recycled water a day for use by outdoor irrigation and industrial customers located primarily in the north and central sections of Denver.

  The total cost to complete this phase of the project was $110.9 million.

- Marston Treatment Plant Upgrades. Over the last four years, Denver Water has made a number of significant upgrades and improvements at the Marston Treatment Plant to improve water quality and water production efficiency and to increase treatment capacity. In 2004, this work included hydraulic and piping upgrades so that the utility could use the plant's 300 million gallon processing capacity to its fullest. The total cost for these upgrades was $47.1 million.

- Turkey Creek Debris Trap above Cheesman Reservoir. In 2002, the massive Hayman Fire consumed 137,760 acres in Colorado, including 7,043 near the Cheesman Reservoir. Because the fire stripped vegetation from such a large area, the chance of sediment washing into the reservoir for many years to come was predictable. Following the fire, Denver Water employees immediately began efforts to remediate and restore the area. These efforts are ongoing and include planting necessary vegetation.

  In 2003, under an emergency permit issued by the Corps of Engineers, Denver Water

built a sediment and debris trap on Goose Creek, which enters the reservoir near the dam. The trap enables the utility to maintain the capacity of the reservoir and to keep out material that affects water quality. It also keeps sediment away from the dam outlet. The Goose Creek trap cost $1.0 million to construct.

To further support the rehabilitation and remediation of the area around the Cheesman Reservoir, Denver Water personnel constructed a flow-through sediment trap on the Turkey Creek inlet to the reservoir in June of 2004. The Turkey Creek trap cost $1.1 million to construct.

The cost to clean the Goose Creek and Turkey Creek traps—an annual task—is expected to be $5 to $7 per cubic yard, significantly lower than the estimated $20 to $30 per yard to dredge sediment and debris from the reservoir. Both traps will remain in place until the burned area around the Cheesman Reservoir returns to its pre-fire condition, a process that will take several decades or longer.

Pipe Rehabilitation Program. Denver Water routinely rehabilitates older cast iron water mains and conduits in its distribution system. This rehabilitation process—which consists of cleaning the conduits and lining them with a cement mortar—ensures a consistent and uninterrupted supply of water to the utility's customers.

Because of the financial impact of the drought, the utility had suspended its conduit rehabilitation program for the last two years. But because of the importance of the program to its facilities, the utility resumed rehabilitating the most critical conduits in 2004. These conduits included those that were installed between 1890 and 1940.

The utility rehabilitated approximately 29,000 feet of conduit in 2004 at a cost of $2.3 million.

- Vault Construction & Rehabilitation. Water utility vaults are underground rooms, often found below surface streets, which house valves and other sensitive water-control instruments. Over time, below-ground moisture can corrode a vault's metal walls, making it a safety hazard.

  During the past seven years, Denver Water has focused on construction of new projects, mostly related to water treatment or recycled water. With many of those projects complete, the utility is now focused on maintaining and performing minor upgrades to other components of its water-distribution infrastructure, including vaults. Much of its engineering effort over the next several years will concentrate on these types of projects.

- Ten Year Capital Plan. The financial impact of the drought impacted Denver Water across the board in 2004. One consequence of this impact was the utility's revision of its near- and long-term construction schedule to account for a continued reduction in water-sales revenue.

System Capacity Expansion

Denver Water is always looking to meet the needs of its customers as efficiently as possible. To that end, it engaged in a number of efforts in 2004.

- Moffat Collection System Project. Denver Water continued work on an environmental impact statement (EIS) for the Moffat Collection System Project. The EIS is the first step in a process to seek authorization from the U.S. Corps of Engineers for the construction of the project. The project would provide 18,000 acre-feet of new water, and would help meet projected near-term demand for treated water. It would also reduce vulnerability, reliability, and flexibility problems related to the utility's water delivery which can, in part, be attributed to insufficient water supplies available to the Moffat plant. A draft EIS is expected to be published in early 2006.

- Antero Reservoir Expansion. Denver Water continued to work with the City of Aurora and Park County Commissioners to initiate a study on the possible expansion of Denver's Antero Reservoir in Park County.

- Other Efforts. Denver Water engaged in a variety of other efforts to secure or protect greater water storage, supply, and delivery capabilities. Highlights of these efforts include:

    - Continued work on the utility's gravel pit storage project downstream of the Metro Wastewater Reclamation operation on the South Platte River;

    - Use of lawn irrigation return flows from Denver's reusable water that is applied for outdoor irrigation in its service area;

    - Joint efforts with multiple parties to explore the feasibility of a Wolcott Reservoir in Eagle County; and

    - Work with Eastern and Western Slope parties to identify 10,825 acre feet of water which Colorado water users are obligated to provide for endangered fish in the 15 Mile Reach near Grand Junction.

Continuing Conservation, Property Management, & Outreach

Conservation is key to Denver Water's ability to provide water to its customers and the utility makes substantial efforts in that regard. In 2004, these efforts included:

- Xeriscape Program. A significant part of Denver Water's conservation effort involves encouraging customers to Xeriscape, a method of landscaping that reduces the need to irrigate. Xeriscapes can save from 20 to 60 percent of the water normally applied to a traditional Kentucky bluegrass landscape, depending upon the design, installation, and maintenance of the individual landscape.

In 2004, more than 2,000 people attended free Xeriscape seminars and more than 78,295 visited Xeriscape exhibits at the Denver Garden and Home Show, ProGreen Expo, and other expositions. Denver Water arranged for nearly 250 people to have a private session with a landscape architect to design or redesign their existing landscapes into Xeriscapes.

Additionally, Denver Water continued to create and produce the Planting Plan brochure, the sixth in a series, this year emphasizing "Three Plans for a Plant Select® Garden." Plant Select is a joint program of Denver Botanic Gardens and the Colorado State University Horticulture program, emphasizing plants that are hardy for this region and are widely available for purchase.

- Habitat Restoration. In 2002, multiple wildfires struck Colorado. The worst was the Hayman fire, which burned for 40 days and consumed 137,760 acres, including 7,043 acres at Denver Water's Cheesman Reservoir.

  Because the fire stripped vegetation from such a large area, it poses an increased risk for sediment washing into the Cheesman and Strontia Springs Reservoirs. To help mitigate that risk, Denver Water is engaged in a long-term habitat restoration program on its lands at the reservoir and in the South Platte corridor. As discussed above, in 2004, that program included the construction of a sediment trap on Turkey Creek which flows into Cheesman Reservoir.

  Other restoration efforts at the Cheesman Reservoir property included removing accumulated sediment behind the Turkey Creek and Goose Creek traps, replacement of storage buildings, construction of a new road for sediment deposit, and planting new trees. The cost associated with these activities was approximately $284,000.

  Denver Water estimates that it will take several decades or longer for the lands burned around the Cheesman reservoir to fully recover from the effects of the Hayman fire.

- Four Mile Ranch Source Water Protection Project**.** Working in conjunction with members of the South Park Wetlands Focus Area Committee—including the U. S. Fish and Wildlife's Partners for Wildlife program, Colorado Open Lands, the U.S. Bureau of Land Management, and the Colorado Division of Wildlife—Denver Water is finishing a source water protection project at its Four Mile Ranch in South Park. When complete, the project will restore five miles of stream habitat along Four Mile Creek.

  Prior to Denver Water purchasing Four Mile Ranch in 1976, the affected section of Four Mile Creek was made into a channel, probably for agricultural reasons. Over time, this channelization led to erosion and incision of the creek bed, and ultimately, to a disconnection of the creek from its water source.

Under a North American Wetlands Conservation Act grant of $200,000 and an additional $100,000 grant from Colorado Division of Wildlife's Wetlands Program, work on the Four Mile Creek project began. The project is scheduled to be completed in the spring of 2005.

- Four Mile Ranch Fen Project**.** Denver Water is working to acquire wetland mitigation credits through its Four Mile Ranch Fen Project. These credits, if granted, can be used to offset impacts from construction of water projects within Park County.

  The utility has completed two field seasons of data collection and will continue to monitor the project area for the foreseeable future. Its next step is to write a prospectus and a mitigation banking agreement and submit them to the U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service, and the U.S. Army Corps of Engineers for approval. The approval process is expected to take at least a year.

- Chatfield Wetlands Project**.** Denver Water is currently coordinating with Colorado State Parks, Lockheed Martin, and the U.S. Army Corps of Engineers to ensure that, per an existing agreement, the utility will receive 12 acres of wetland credits that can be used to offset impacts from construction of water projects within the Wetland Credit Service Area of the Front Range.

- Grand County Property Sale. In May of 2004, Denver Water sold approximately 685 acres of land in Grand County near the town of Winter Park for the development of a residential community. The development was widely viewed by local jurisdictions and the community as a positive addition to the area. The utility received $4.8 million for the land.

- Fehringer Ranch Sale. In 1930, Denver Water purchased the Fehringer Ranch in Jefferson County for its water rights. Over time, the direct-flow water rights from the ranch were transferred to municipal use. This transfer put Denver Water in a position to dispose of parts of the ranch as surplus property. Working with Jefferson County and other organizations, a master plan for the disposal of the property was developed.

  The utility sold approximately 135 acres of the ranch in December of 2004 to Jefferson County Open Space. The land will be used for future sports fields. Denver Water received $1.68 million for the land.

- Outdoor Education Programs. Working with a variety of local, state, and federal agencies as well as interested businesses, Denver Water is supporting responsible stewardship of the environment. A foundational element of this effort is the utility's Bob Taylor Ecological Complex in Kassler.

  Kassler is at the crossroads of recreational, educational, environmental, and historical abundance. Denver Water makes its complex and property available to organizations that provide conservation and environment-related education. In 2004, the complex hosted outdoor education classes for children, bird banding and bird counting programs, angler

education classes for inner-city children, recreation programs for troubled youth, and the utility's *Take a Family Fishing* event.

- State Forest Service Contract. Denver Water contracts annually with the Colorado State Forest Service for forest management of its mountain properties. In addition to emergency fire suppression, the Forest Service manages a program to thin forest areas, creating small meadows and open areas to replicate natural growth patterns. This thinning helps reduce the potential of catastrophic fires and to create better habitat. In a study published in 2004, the effectiveness of this program was highlighted by the 14-fold increase in the numbers of the Pawnee Montane Skipper, a federally listed threatened butterfly, over the five-year period since the program was instituted in the Trumbull area near the Platte River. The cost of the Forest Service contract is $100,000.

- Lawn Return Flow Adjudication. In 2004, Denver Water continued a five-year engineering analysis of the timing, location, and amount of return flows of water from outdoor uses in its service area into the South Platte River. A final engineering report is expected in mid-2005.

  The importance of these return flows is significant. Outdoor uses of reusable water are expected to generate more than 10,000 acre-feet of return flows—more than 3.2 billion gallons of water. This water would be available for use throughout the system and could support or supplement non-potable uses for which raw water deliveries are not available or preferred.

Information Technology Revitalization

Working in consultation and cooperation with other divisions of Denver Water, the utility's Information Technology section efficiently delivers hardware, software, and technical support services across the organization to improve its operating efficiencies and enhance its decision-making capabilities.

In 2004, Denver Water continued the revitalization of its information technology infrastructure, a multi-year effort that will enable it to develop new information-sharing tools, increase operational efficiencies and reduce costs, and deliver entirely new kinds of in-person and online customer services.

Driving this revitalization is the reality that sharing information widely can drive down costs, reduce response times, and make Denver Water more nimble in its ability to respond to changing weather, water-consumption habits, and revenue projections. But the age of the utility's information infrastructure makes it increasingly difficult and costly to maintain it, let alone create new and innovative ways of sharing and delivering information.

Several projects were critical to the utility's revitalization effort in 2004, including:

- Customer Information System Project. To enhance its customer service capabilities and create greater operational efficiencies, Denver Water is in the midst of rolling out a new customer information and billing system (CIS).

  By consolidating customer-related information, the CIS will make it easier to track the history of a customer's account, from the sale of the original tap to its most recent bill. This capability will serve as the backbone for a number of important information-driven initiatives, including monthly billing; expanded online, in-person, and voice-activated customer services; and personalized Web pages that let customers interact with Denver Water online (see below).

  The CIS will also make it easier to support emerging rate designs—and to drastically reduce the programming necessary to implement them. What's more, the CIS will support a variety of mobile workforce automation projects to dispatch, route, and track the utility's field personnel as efficiently as possible.

  The total cost to deploy the CIS system is estimated to be as much as $13 million. It is scheduled for full deployment in 2006.

- Monthly Billing. One of the most significant benefits of the CIS system is that it will enable the utility to move from a bi-monthly to a monthly billing cycle.

  For customers, monthly billing will let them monitor water-consumption habits more closely, spot leaks or over-utilization more quickly, and see and respond to the effects of consumption-based surcharges more immediately than they would with a two-month billing cycle.

  For Denver Water, monthly billing will help the utility to proactively spot unusual water-utilization patterns and deploy the necessary resources to address them. Monthly bills can also carry custom messages, letting the utility communicate important information to customer segments easily and routinely.

  Monthly billing is under evaluation and if it proves cost effective it would be scheduled to commence in 2007.

- New Telephone System. Over nearly two decades, Denver Water expanded its basic telephone system to provide everything from automated call distribution and call center handling to call recording and customer account information. These features helped streamline the utility's customer services and day-to-day operations.

  In 2004, the phone system reached its maximum configuration. The challenge for the utility was to find a replacement that, with the advent of monthly billing, could handle significantly more customer inquiries without a proportional increase in staff. The utility selected a system that, in tandem with the new CIS, can do just that.

The result is a customer contact center, one that supports e-mail and Web-based chat sessions as easily as it does traditional telephone-based services. The center also enables customers to retrieve account-related information and take account-related actions using a touchtone telephone. As well, the center can route a call to a live representative with the right level of experience—and ensure that all calls are distributed efficiently to minimize hold times. The center's computers also consolidate several screens worth of information into one, helping representatives answer questions accurately and promptly.

The new system was installed in the first quarter of 2005 at a cost of approximately $829,000.

- Customer Self-Service Using the Web. Today, many people use the Web to get personalized and secure services from a variety of businesses. Consider the book seller that lets buyers track orders online, or the brokerage house that lets account holders buy and sell stocks electronically. These *Web portal technologies* let customers view information that is unique and germane to them—all over a secure Internet connection.

  In 2005, Denver Water will allow customers to use the Web to manage a variety of account-related tasks, from checking water utilization and paying bills to reporting service problems, initiating service transfers, and much more.

- Leveraging Upgraded GIS Database. From water mains and valves to hydrants and treatment plants, Denver Water has tens of thousands of *fixed-position* assets which make up its water supply and distribution infrastructure. In 2002, the utility engaged in a massive upgrade of its geographic information system (GIS) database to make the utility's operations more efficient.

  The GIS upgrade had two general goals. The first was to vastly improve the geographic accuracy of the engineering drawings that contain fixed-position assets and on which Denver Water and its contractors depend. The second goal was to link each fixed-position asset with mapping, purchasing, maintenance, operational, financial, and other data pertinent to that asset. Doing so would enable the utility to retrieve a depth of information about an asset using an integrated set of computer systems.

  Denver Water is now linking fixed-position assets in the GIS database with key land-related information from the assessor offices in the City & County of Denver and surrounding counties. This information includes parcel, lot, street, and subdivision information as well as legal descriptions and other data. This accurate and easily updated information enables the utility to maintain its easements, rights of way, and other property data in the GIS and quickly identify customers that could be affected by construction, maintenance, meter-reading, and other activities.

- Business Intelligence Technologies. In 2004, Denver Water completed the implementation of a business intelligence framework. This framework consists of a data warehouse containing detailed budget and expenditure information and powerful analytical tools. Together, they allow the utility to make more informed business

decisions through the analysis of this integrated data. This approach has been instrumental in managing the utility's operational and capital expenses.

- Enterprise Workflow Technologies. Over the past two years, Denver Water has implemented a variety of technologies that have automated the processes, or workflows, related to the procurement of goods and materials and to handling invoice payments. As a result, the utility has achieved significant administrative efficiencies and improved controls over how it spends money.

Increasing Operational Efficiencies

From water meters that can report usage automatically to key information-system projects, technology is playing a pivotal role in boosting operational efficiencies at Denver Water. In 2004, these efforts included:

- Automated Leak-Detection Program. Denver Water has had a leak-detection program since 1980. As part of this program, technicians actively search for water leaks within the utility's distribution system using amplified listening devices. Finding a water leak before it becomes a main break conserves water, reduces repair costs, and eliminates unscheduled outages.

  In 2004, Denver Water continued its deployment of new technology to make the leak-detection process even more efficient. In fact, the utility doubled the number of leak-detection logging devices in the field. Currently, 265 logging devices are deployed and Denver Water has seen significant results. The devices, together with traditional leak-survey techniques, are enabling the utility to maintain leak losses around two percent, already among the lowest in the utility industry.

- Automated Meter Reading Project. In 2004, Denver Water entered the fourth year of a five-year effort to install automated water meters that can report usage via radio signals. These meters include those in residential neighborhoods as well as outdated large-capacity meters that can underreport water consumption.

  Because of the prolonged drought, the utility accelerated its automated meter-reading program in 2004. As a result, more than 199,000 of 205,000 automated meters have been installed by contractors. When complete, the project will eliminate approximately 30 meter-reading related staff and track water usage more precisely; it has already reduced the number of meter readers from 33 when the program began to 12 at the end of 2004.

- Large Meter Replacement Program. As part of its automated meter reading project, Denver Water launched a three-year, $9 million program in 2004 to replace approximately 3,800 large water meters. The meters, which range in size from one and a half to sixteen inches, cannot be retrofitted with a transmitter like newer residential meters. Yet over time, these meters tend to under-register the amount of water that passes through. By replacing them, Denver Water will have better information about the actual

amount of water used by large-meter customers for consumption, conservation, and billing purposes.

By the end of 2004, the utility had replaced 774 large meters.

Legal Issues

Some of the key legal issues addressed by Denver Water included:

- Settlement with City of Arvada. On September 29, 2004, the Board of Water Commissioners approved and authorized a Settlement Agreement with the City of Arvada regarding the amount of water to be delivered to Arvada under a 1991 Agreement between the parties.

- Lawsuit Regarding Denver Water Surcharges. On October 20, 2004, a group of Denver Water customers who reside in Denver sued the utility over the imposition of drought-related surcharges in 2004. In the litigation, the plaintiffs contend that Denver residents should be treated differently than suburban customers in a drought. The court granted Denver Water's motion to dismiss on March 15, 2005.

- Miccosukee Litigation. Water utilities nationwide often move water from one river or stream to another, usually as a means of conveying water to a treatment plant. Such activity mixes water from two sources that may have slightly different chemical composition. For more than 30 years, this activity has occurred without a National Pollutant Discharge Elimination System NPDES permit under the federal Clean Water Act (CWA).

  Recently, however, litigation in federal court has questioned whether mere conveyance of natural water from one source to another requires an NPDES permit. Several plaintiffs claim that such intermixing is a discharge under the CWA, and that if the incoming and receiving waters are different, it is discharge of a pollutant, even though the utility has added nothing to the water.

  The law on this point is unclear, and a recent U.S. Supreme Court decision (South Florida Water Management District v. Miccosukee Tribe of Indians et al.) did not clarify the matter. Thus Denver Water, other water utilities, and various national water organizations continue to monitor court rulings on this matter and have organized a coalition to pursue whatever legislative, judicial, or administrative remedies might be required.

Financial Diligence

Denver Water customers have some of the lowest water bills in the Front Range region. Through the use of long-range financial planning, water-rate adjustments can be phased in over time to alleviate the need for significant one-year water rate increases. In addition to forward-looking capital construction and capacity planning—as well as conservation efforts—wise financial

stewardship plays an important role in keeping customer rates low. Several events highlighted the importance of that role in 2004:

- Mid-Year Service Charge Increase. As water sales dropped in 2005 due to water restrictions and the effects of the consumption-surcharge, so too did Denver Water's revenues. While this drop was not unexpected, it was problematic: approximately 95 percent of the utility's water sales revenue is variable but only 10-percent of its costs are variable.

  As a result of the mismatch between variable revenues and variable costs, the Board adopted in June of 2004 an increase in the service charge, which is the fixed portion of a customer's bill. This increase went into effect on bills issued after September 7, 2004 and increased 2004 fixed revenue by approximately $3 million. On an annual basis, this adjustment would increase Denver Water's fixed revenue from water sales to about 10 percent of total water sales revenue or $16 million.

- Annual Rate Adjustments. Consistent with its long-term financial plan, Denver Water raised rates for bills starting in 2005 by an average of eight percent for all customer classes. This adjustment was made only to the consumption charge as a mid-year service charge was already in place. The rate analysis supporting this adjustment assumed a drought shadow of 11 percent (see below).

- SDC Adjustments/Notification Rules. An SDC is a fee paid either to connect a new customer to the water-distribution system of Denver Water or for an existing customer to increase their connection size. In November, the utility raised these charges by nine percent for potable water connections and 13 percent for non-potable water connections effective January 31st, 2005. The Board also adopted in November new rules regarding the notification the utility provides builders regarding increases or changes to SDCs.

- Water Revenue Bond Sales. In November, Denver Water issued $43,655,000 million in water-revenue bonds. The majority of funds from this sale were used for an advance refunding of future debt obligations. However, $14.3 million was new debt allocated to costs previously advanced by the Board for construction of the Recycled Water Plant. This reimbursement was anticipated by the Board's December 2003 reimbursement resolution.

- 10-Year Financial Plan. Every year, Denver Water evaluates its fiscal condition and articulates a forward-looking financial plan. The utility remains financially strong despite the financial challenges of the lingering drought. The utility is carefully planning for two kinds of risk: the need to complete current and future capital projects which will strengthen its water supplies and the potential impact of continued reduced water consumption on the utility's revenue should the drought continue or even if it should end.

  In general, the utility's 10-year financial plan is predicated on normal weather conditions. The fundamental assumption is that, over a 10-year horizon, weather and water sales will be normal, although it is understood that in any given year they will be impacted by a

variety of climatic conditions. As part of its contingency planning, however, Denver Water maintains financial reserves for low-revenue periods similar to those that may occur during drought or rainy years.

In September, Denver Water completed its current 10-year financial plan. The plan reflects the completion of various water-supply related construction projects necessary to meet the needs of the utility's customers—and the increase in maintenance-related tasks necessary to ensure the integrity of the utility's water-distribution system.

The plan also recognizes anticipated changes in demand as a result of the drought that will lower the utility's water sales and thus its overall revenue. This is a change from the general assumptions used in preparing past financial plans and was also a key assumption in setting water rates for 2005. The current assumption for both the financial plan and for rate setting is that Colorado will gradually emerge from the drought beginning in 2005. Projections for 2005 are based on the assumption that customer demand will not return to pre-drought levels but rather will reflect a *drought-shadow* where demand will only reach 89 percent of the pre-drought normal demand.

In each successive year after the drought, demand is projected to continue to rise and then eventually level out at a "new normal" level which will be five percent lower than historical averages. The drought shadow is estimated to last for approximately four to five years before reaching the new normal.

To meet its capital construction and maintenance needs with this reduced level of revenue, the utility anticipates a series of rate increases that range from eight percent in the early portion of the plan to four percent at the end. Denver Water also anticipates evaluating its SDC annually to keep it at market rates as well as issue approximately $183 million in new debt.

In December, the Board adopted the 2004 budget. This budget anticipates the 11 percent reduction of normal water sales revenue discussed above, and offsets this reduction through cost-cutting measures and the use of financial reserves.

ARTICLE X of the CHARTER OF THE CITY AND COUNTY OF DENVER

Amended November 5, 2002

§10.1.1 Board of Water Commissioners created. There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes.

§10.1.2 Appointments to Board. On the second Monday in July of odd-numbered years, the Mayor shall appoint one or two Commissioners, as the case may be, for terms of six years each to succeed those whose terms are expiring. The members of the Board of Water Commissioners shall each continue in office until their successors are appointed and qualified. Any vacancy on the Board shall be filled promptly by appointment by the Mayor. Each appointee shall be a citizen of the United States, a resident of the City and County of Denver, and at least 25 years of age. If a member of the Board shall cease to be a resident of Denver, the individual shall thereupon cease to be a member of the Board.

§10.1.3 Compensation and bonds. The commissioners shall each receive compensation of $600.00 per annum. Each Commissioner shall give an oath or affirmation and give an official bond in an amount and conditioned and approved as provided by the Board by resolution. The Board may require the Treasurer of the City and County of Denver to give bond conditioned in such manner as shall be determined by the Board. The premiums on all such bonds shall be paid out of the Water Works Fund.

§10.1.4 Board meetings. The Board shall hold two regular meetings each month on such days as it may by resolution determine, and special meetings at such other times as it may deem necessary. All meetings shall be open and public. If any member of the Board shall be absent for three successive regular meetings, unless excused by vote of the Board, he or she shall cease to be a member and the office shall be deemed vacant.

§10.1.5 General powers. The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver. The Board may lease water facilities or the flow of water for generation of electric energy and may sell surplus energy, provided that nothing herein shall be construed as permitting the Board to distribute electric energy to the general public. The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted, and in so doing may make such special designation in such instruments as will indicate the capacity in which the City and County of Denver is acting when such actions are taken by or on behalf of the Board of Water Commissioners. The customary practice of dealing in the name of "City and County of Denver, acting by and through its Board of Water Commissioners" is hereby confirmed and approved. The Board shall institute and defend all litigation affecting its powers and duties, the water works system and plant, and any of the Board's property and rights. In any matter affecting the powers, duties, properties, or trusts of the Board, process shall be served on the Board. The Manager of Denver Water is hereby designated as the officer upon whom process may be served in any matter in which the Board of Water Commissioners has the sole authority for the municipal corporation.

§10.1.6 Manager and personnel. The property and personnel under control of the Board shall be referred to generally as Denver Water. The Board shall designate a Manager, who shall cause the Board's policies and orders to be executed and shall bring to the Board's attention matters appropriate for its action. The Board shall have power to employ such personnel, including legal staff, and fix the classifications thereof as it may deem necessary. All such personnel shall be hired and dismissed on the basis of merit. The Board shall define the duties of each of its employees and fix the amount of their compensation. It shall be the duty of the Board to carry out the intent and

requirements of Article XX of the Constitution of the State of Colorado with respect to civil service for public utilities and works and to perform the customary functions of a civil service commission with respect to its employees. In performing the functions of a civil service commission, the Board or its designee shall have the power to conduct hearings, administer oaths and issue subpoenas enforceable in the County Court of the City and County of Denver. The Board may establish classifications of employment for persons outside the civil service system who serve solely at the pleasure of the Board. Such employees shall include the number of temporary employees the Board deems necessary and not more than 2% of all regular employees of the Board.

§10.1.7 Water works fund. There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the water works system and plant together with all monies received by the Board from other sources. The Board shall maintain records in compliance with generally accepted accounting principles sufficient for reliance by the Treasurer and the Auditor in faithfully accounting for the Water Works Fund. The Board shall promptly deposit all receipts into a bank account in the name of the City and County of Denver acting by and through its Board of Water Commissioners. The Board may invest such funds until they are required for operations of the Board. Monies shall be paid out of the account only upon the authority of the Board and evidenced by warrants drawn upon the Treasurer by the Auditor of the City and County of Denver, except as to general obligation bonds and the interest thereon, which the Treasurer shall pay using procedures approved by the Manager of Revenue.

§10.1.8 City Auditor. The Auditor of the City and County of Denver shall audit the accounts of the Board at least annually and make a report of his or her findings to the Council of the City and County of Denver. The Board shall make all of its accounts and records fully available to the Auditor to enable him to carry forward these duties that shall be performed without interference with the water works function. The Auditor, or some person designated by him or her, shall sign all warrants, countersign and register all bonds and written contracts (with the privilege but without the necessity for keeping copies thereof). The Auditor may authorize the affixing of his or her signature by mechanical means.

§10.1.9 Water rates. The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare. The rates may also be sufficient to provide for the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

§10.1.10 Uniformity of rates. Except as specifically provided, rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver. No special rate or discount shall be allowed to any property, entity, person or class of persons except as in this charter specifically provided.

§10.1.11 Enforcement of charges. The Board may enforce the payment of any charge by discontinuing service to the premises at which the charge arose without regard to the ownership or occupancy of such premises.

§ 10.1.12 City rates. Commencing January 1, 1960, the Board shall furnish water to the municipal government of the City and County of Denver at rates which shall approximately equal but not exceed the cost of the water furnished, not including items in such rate for debt service, additions, extensions or betterments. Such rate shall not be applicable to agencies or authorities sponsored by or supported by the City and County. The Board shall own, control and operate all water, water rights, structures and facilities of the City and County of Denver pertaining to the Farmers and Gardeners Ditch and the City Ditch. The Board shall furnish water out of the City Ditch or some equivalent source for the use of Denver in City Park and Washington Park, without any charge whatsoever.

§10.1.13 Water leases. The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to

whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver. Every such lease shall contain terms to secure payment of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water together with an additional amount to be determined by the Board. Sales at amounts less than the above minimum may be made if warranted by economic conditions, but a contract providing for such lesser charge shall not extend for more than one year.

§10.1.14 Expenses. The entire cost of the operation and maintenance of the water works system and plant under the control of the Board shall be paid from monies of the Water Works Fund. The monies and other assets of the Water Works Fund shall not be used for any purpose except for the management, operation and maintenance of the water works system and plant, including additions, extensions and betterments, for recreational opportunities incidental thereto, and for the payment of interest and principal on bonds and other obligations, the proceeds of which were or shall be used for water works purposes.

§10.1.15 Bonded indebtedness. The Board of Water Commissioners in its sole discretion may issue revenue bonds, the proceeds of which shall be placed in the Water Works Fund and expended for water works purposes, for establishing reserves in connection with such bonds or for refunding the principal of and interest on bonds previously issued by the Board. Revenue bonds shall be payable as to interest and principal solely from the net revenues of the Board. The Board shall pledge to pay the principal and interest on such bonds from revenues of the Board, which pledge shall be irrevocable. The bonds so authorized shall be sold and issued by action of the Board and no other ratification or authorization shall be required. The Board shall have power to refund, pay or discharge the principal of any general obligation bond it issued prior to November 5, 2002, when such bond becomes payable, and may use proceeds of a new revenue bond issuance to refund, pay or discharge the general obligation bonds. Existing or future bonds issued by the Board shall continue to be excluded from the determination of any limit upon the indebtedness of the City and County of Denver.

§10.1.16 Board organization. The Board shall adopt rules governing its organization, the calling of special meetings and the conduct of its business. A majority of the Board shall constitute a quorum and all action by the Board shall be taken by a majority of the whole Board and not otherwise.

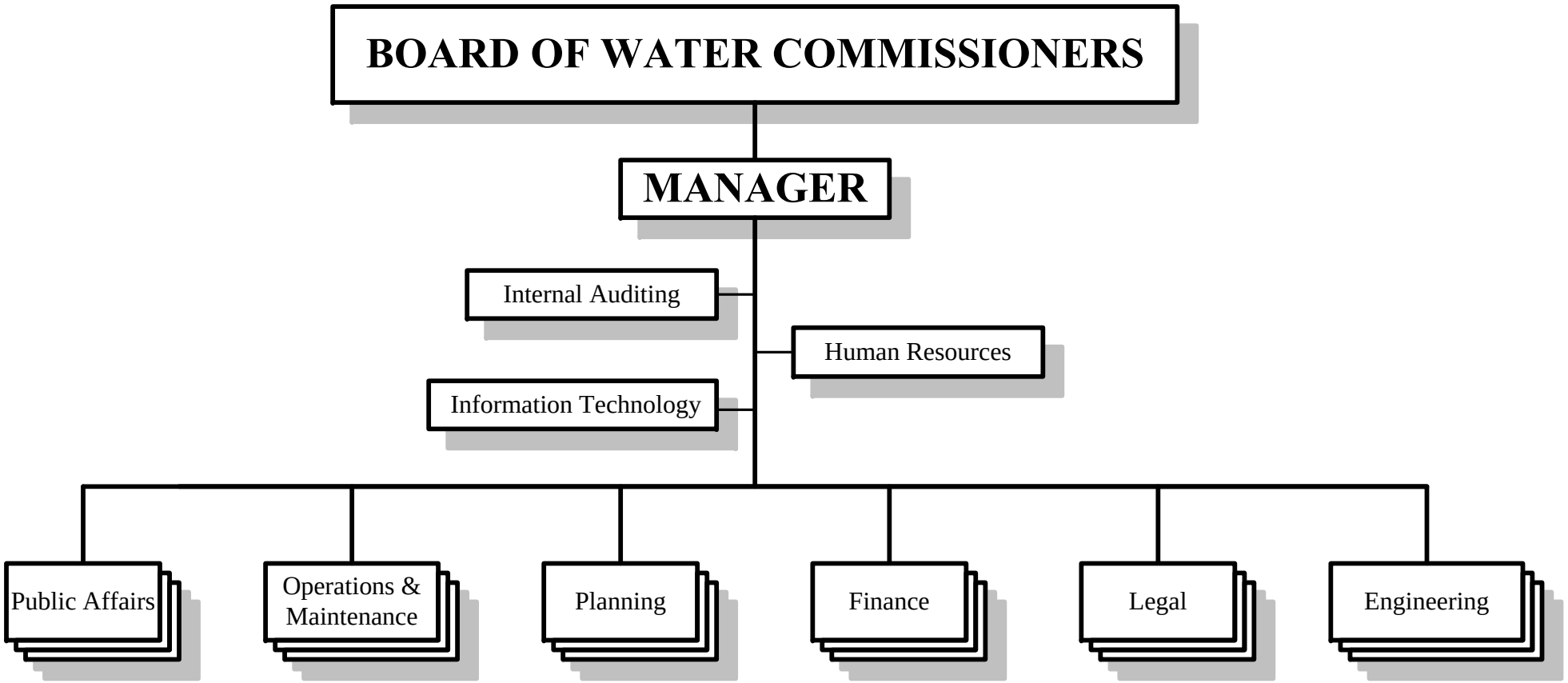
§10.1.17 Rules and regulations. The Board may adopt rules and regulations with respect to any matter within its jurisdiction as defined by Charter. It may provide for enforcement of its rules and regulations by imposing special charges in an amount reasonably calculated to secure compliance or recompense for water loss, to achieve water conservation and to reimburse the Board for expenses arising out of violation. In addition to any other lawful remedy, enforcement procedure may include refusal to supply water to a property involved. The City and County of Denver by ordinance may supplement Board rules and regulations and provide penalties for the violation of such an ordinance in the same manner as penalties are provided for the violation of other ordinances. Rules adopted by the Board and within its authority shall supersede any conflicting ordinance provision.

§10.1.18 Publication of rules and regulations. Rules and regulations adopted by the Board shall be effective after they shall have remained posted in a conspicuous public place in the principal business office of the Board for a period of fifteen calendar days. Whenever immediate application of a rule or regulation by the Board is necessary for the preservation of the public peace, health or safety, the Board may so declare, and such rule or regulation shall thereupon become effective immediately upon being posted as provided in this section.

§10.1.19 Continuity of control of water. The Board may make provision for retaining dominion over the water supply under its control through successive uses of such water, such as reuse and exchange. Such dominion shall not be affected by treatment of wastewater produced by use of the water supply.

§10.1.20 Disposition of former charter authority. The provisions of this Article X shall supersede any conflicting provision of the charter existing on May 19, 1959 when this article was adopted.

ORGANIZATION CHART - 2004



BOARD OF WATER COMMISSIONERS - 2004





Top from left, William R. Roberts, George B. Beardsley;
Bottom from left, Richard A. Kirk, Denise S. Maes, Thomas A. Gougeon

William R. Roberts, President
Marketing Director, Empire Construction Services
Commissioner since July 10, 1997;
Term expires July 10, 2009.

George B. Beardsley, First Vice President
Principal, Inverness Properties, LLC
Commissioner since February 2, 2004;
Term expires July 10, 2007.

Richard A. Kirk
Chairman, Richard Kirk & Associates
Commissioner since July 21, 1993;
Term expires July 10, 2005.

Denise S. Maes
Attorney: Berenbaum, Weinshenk & Eason
Commissioner since July 10, 1995;
Term expires July 10, 2007.

Thomas A. Gougeon
Principal, Continuum Partners LLC
Commissioner since August 10, 2004;
Term expires July 10, 2005.

LAST 20 COMMISSIONERS

Andrew Horan, Jr.	Jul 12, 1965 to Jan 1, 1976	Elizabeth A. Hennessey	Nov 4, 1985 to Jul 28, 1989
Richard S. Shannon, Jr.	Jul 9, 1973 to Apr 18, 1977	Malcolm M. Murray	Aug 25, 1987 to Jul 12, 1993
Don Friedman	Apr 27, 1977 to May 1, 1978	Donald L. Kortz	Aug 25, 1987 to Jul 12, 1993
William G. Temple	Jun 28, 1962 to Jul 13, 1978	Monte Pascoe	Sepr 26, 1983 to Jul 10, 1995
Charles F. Brannan	Dec 14, 1970 to Sep 26, 1983	Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995
James B. Kenney, Jr.	Jan 9, 1976 to Sep 26, 1983	Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997
Charles G. Jordan	Sep 26, 1983 to Jun 28, 1985	Ronald L. Lehr	Jul 21, 1993 to Apr 20, 1999
D. Dale Shaffer	Aug 9, 1978 to Jul 8, 1985	Joe Shoemaker	Jul 10 , 1995 to Jul 9, 2001
John A. Yelenick	Jul 14, 1969 to Aug 25, 1987	Andrew D. Wallach	Jul 18, 2001 to Aug 5, 2003
Marguerite S. Pugsley	May 10, 1978 to Aug 25, 1987	Daniel E. Muse	Feb 10, 2000 to Nov 13, 2003

Top from left, Hamlet J. Barry, Secretary-Manager; Marie L. Bassett, Director of Public Affairs; Jonathon L. Diebel, Director of Engineering; Bottom from left, Brian D. Good, Director of Operations & Maintenance*; David B. LaFrance, Director of Finance; Edward E. Pokorney, Director of Planning; Patricia L. Wells, General Counsel;

DISCRETIONARY PERSONNEL

(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Directors

Hamlet J. Barry, III, Secretary-Manager
Marie L. Bassett, Director of Public Affairs
Jonathan L. Diebel, Director of Engineering
Brian D. Good, Director of Operations & Maintenance*
David B. LaFrance, Director of Finance
Edward E. Pokorney, Director of Planning
Patricia L. Wells, General Counsel

Other Staff

John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Christopher R. Dermody, Mgr of Information Technology
Sara Duncan, Intergovernmental Affairs Coordinator
Carla Y. Elam-Floyd, Manager of Human Resources
Linda J. Firth, Manager of Community Relations
Kathryn M. Kempke, Manager of Treasury Operations
Kerry D. Kuykendoll, Manager of Rate Administration
David L. Little, Manager of Water Resource Planning
Trina L. McGuire-Collier, Manager of Media Relations
Michael L. Walker, Attorney V

*Replaced Stephen W. Work who retired in October 2004.

Certificate of Achievement for Excellence in Financial Reporting

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Denver Water, Colorado

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for the Fiscal Year Ended
December 31, 2003

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Nancy L. Zielke

President

Jeffrey R. Esser

Executive Director

FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Dennis J. Gallagher, Auditor,
and the Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying statements of net assets of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), a component unit of the City and County of Denver, Colorado, as of December 31, 2004 and 2003, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado, as of December 31, 2004 and 2003, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2005, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis on pages II-3 through II-15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying introductory section, statistical section and supplemental information on pages II-42 through II-47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information on pages II-42 through II-47 has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Denver, Colorado
March 22, 2005

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2004 AND 2003

The following is management's discussion and analysis ("MD&A") of the financial activities of the Board of Water Commissioners (the "Board") for the years ended December 31, 2004 and 2003. This information should be read in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS (See details in following sections)

- There was an ***operating income*** of $6.9 million in 2004 compared to $9.2 million in 2003, a decrease of 26%.

- There was a ***loss before capital contributions*** of $0.6 million in 2004 compared to income of $5.1 million in 2003, a decrease of 112%.

- ***Capital contributions*** were $47.8 million in 2004 compared to $54.0 million in 2003, a decrease of 11%.

- ***Net assets*** were $1.24 billion at December 31, 2004 compared to $1.19 billion at December 31, 2003, an increase of 4.0%.

- ***Capital asset additions*** were $71.7 million in 2004 compared to $164.4 million in 2003, a decrease of 56%.

- ***Revenue Bonds*** in principal amounts of $43.7 million were issued in 2004 to advance refund existing debt and for construction of the recycling plant.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's basic financial statements, which are comprised of four components: 1) statements of net assets, 2) statements of revenues, expenses and changes in fund net assets, 3) statements of cash flows, and 4) notes to the financial statements. The Board also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statements of net assets** present information on all of the Board's assets and liabilities, with the difference between the two reported as ***net assets***. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The **statements of revenues, expenses and changes in fund net assets** present information showing how the Board's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the success of the Board's activities and can be used to determine whether the Board has successfully recovered all its costs through its water rates and other charges.

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information provides details of the Board's capital assets and bonded debt.

FINANCIAL ANALYSIS

NET ASSETS

As discussed above, net assets may serve over time as a useful indicator of the Board's financial position. The Board's net assets were $1.239 billion at December 31, 2004, an increase of $47.2 million or 4.0% from December 31, 2003. Net assets were $1.192 billion at December 31, 2003, an increase of $59.1 million or 5.2% from December 31, 2002 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

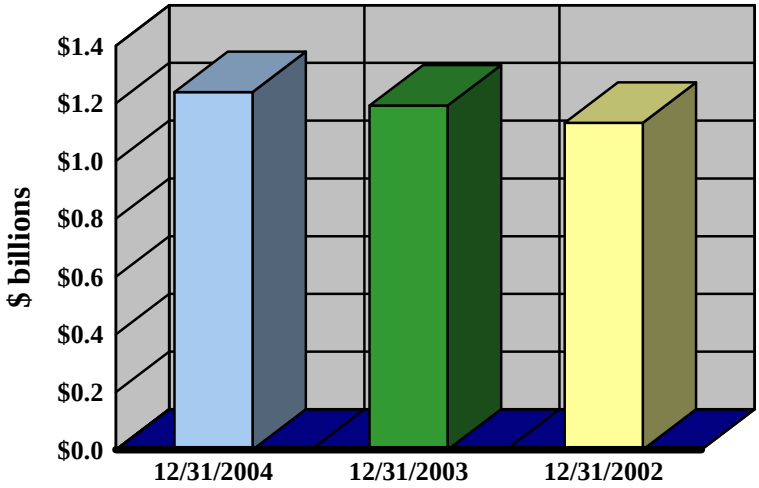


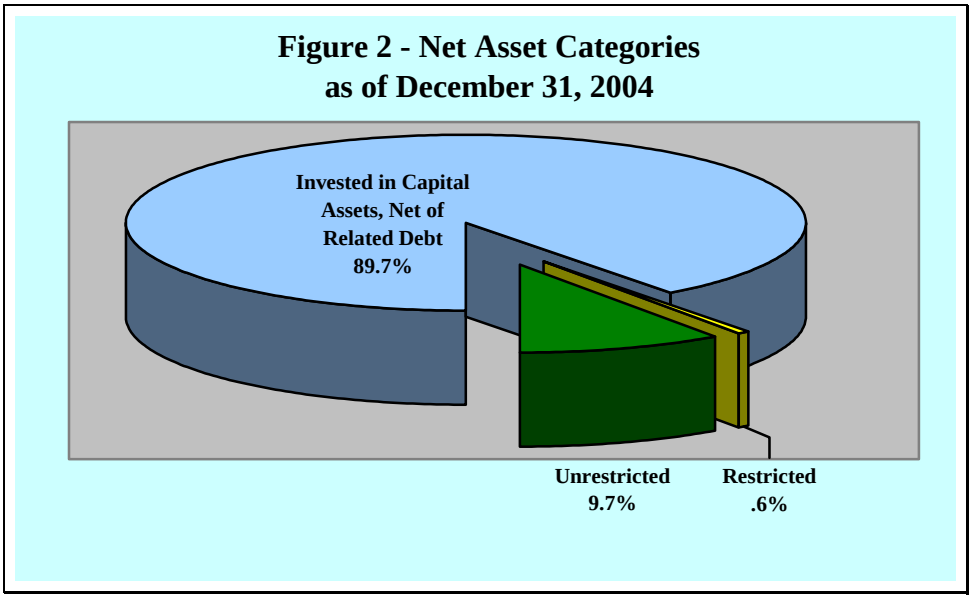
Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

	As of December 31,			2004 - 2003 Increase (Decrease)	2004 - 2003 % Change	2003 - 2002 Increase (Decrease)	2003 - 2002 % Change
	2004	2003	2002				
Current and other assets	$ 189,687	$ 203,523	$ 199,710	$ (13,836)	(7)%	$ 3,813	2%
Capital assets, net	1,484,530	1,449,915	1,319,641	34,615	2%	130,274	10%
Total assets	1,674,217	1,653,438	1,519,351	20,779	1%	134,087	9%
Current liabilities	48,871	50,894	51,530	(2,023)	(4)%	(636)	(1)%
Noncurrent liabilities	385,890	410,300	334,701	(24,410)	(6)%	75,599	23%
Total liabilities	434,761	461,194	386,231	(26,433)	(6)%	74,963	19%
Net assets:							
Invested in capital assets, net of related debt	1,111,654	1,070,437	1,018,946	41,217	4%	51,491	5%
Restricted	7,002	9,325	6,904	(2,323)	(25)%	2,421	35%
Unrestricted	120,800	112,482	107,270	8,318	7%	5,212	5%
Total net assets	$ 1,239,456	$ 1,192,244	$ 1,133,120	$ 47,212	4%	$ 59,124	5%

The largest portion of the Board's net assets reflects its investment in capital assets (i.e., utility plant), less any related debt used to acquire those assets. The Board uses these capital assets to provide water, consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be liquidated to repay these liabilities.

A small portion of the Board's net assets represents resources that are subject to external restrictions on how they may be used. The Board's 2004 restricted net assets consist of the $5.9 million reserve fund required for the Certificates of Participation ("COPs") displayed as restricted investments, and $1.1 million of debt service reserve funds for revenue bonds included in temporary cash investments. For 2003, restricted net assets consisted of the $6.4 million COPs reserve fund and $2.9 million debt service reserve funds. For 2002, restricted net assets consisted solely of the COPs reserve fund.

The remaining balance of the Board's net assets represents unrestricted net assets and may be used to meet the Board's ongoing obligations to creditors.



The Board's increase in net assets of $47.2 million or 4.0% in 2004 indicates an improved financial position. This increase is reflected primarily in capital assets, net of related debt. This compares to an increase in net assets of $59.1 million or 5.2% in 2003.

CHANGE IN NET ASSETS

While the statements of net assets display the Board's assets, liabilities and net assets at year-end, the statements of revenues, expenses and changes in fund net assets provide information on the source of the change in net assets during the year. The increase in net assets of $47.2 million in 2004 consisted of a loss before capital contributions of $0.6 million and capital contributions of $47.8 million. The increase in net assets of $59.1 million in 2003 consisted of income before capital contributions of $5.1 million and capital contributions of $54.0 million (see Table 2).

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003 Increase (Decrease)	2004 - 2003 % Change	2003 - 2002 Increase (Decrease)	2003 - 2002 % Change
	2004	2003	2002				
Operating revenues	$ 141,508	$ 138,709	$ 148,262	$ 2,799	2%	$ (9,553)	(6)%
Nonoperating revenues	10,941	8,649	12,749	2,292	27%	(4,100)	(32)%
Total revenues	152,449	147,358	161,011	5,091	3%	(13,653)	(8)%
Operating expenses	134,637	129,465	120,670	5,172	4%	8,795	7%
Nonoperating expenses	18,435	12,806	16,567	5,629	44%	(3,761)	(23)%
Total expenses	153,072	142,271	137,237	10,801	8%	5,034	4%
Income (loss) before capital contributions	(623)	5,087	23,774	(5,710)	(112)%	(18,687)	(79)%
Capital contributions	47,835	54,037	45,365	(6,202)	(11)%	8,672	19%
Increase in net assets	47,212	59,124	69,139	(11,912)	(20)%	(10,015)	(14)%
Beginning net assets	1,192,244	1,133,120	1,063,981	59,124	5%	69,139	6%
Ending net assets	$ 1,239,456	$ 1,192,244	$ 1,133,120	$ 47,212	4%	$ 59,124	5%

There was an ***operating income*** (operating revenues less operating expenses—see *Statements of Revenues, Expenses and Changes in Fund Net Assets*) of $6.9 million in 2004, compared to $9.2 million in 2003 and $27.6 million in 2002 (see Figure 3).

There was a ***loss before capital contributions*** of $0.6 million in 2004 compared to income of $5.1 million in 2003 and $23.8 million in 2002 (see Figure 4).

Figure 3 - Operating Income

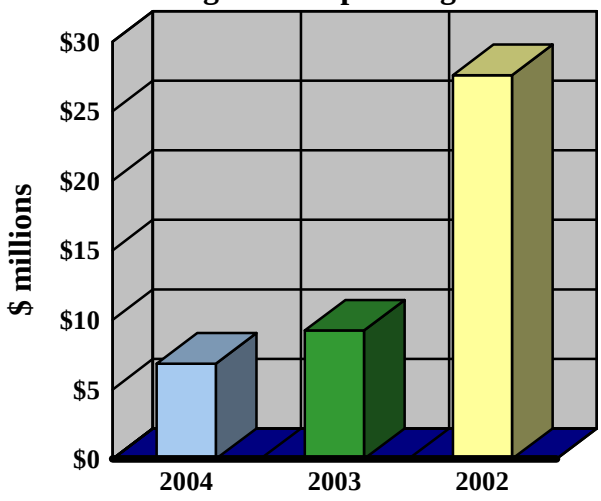
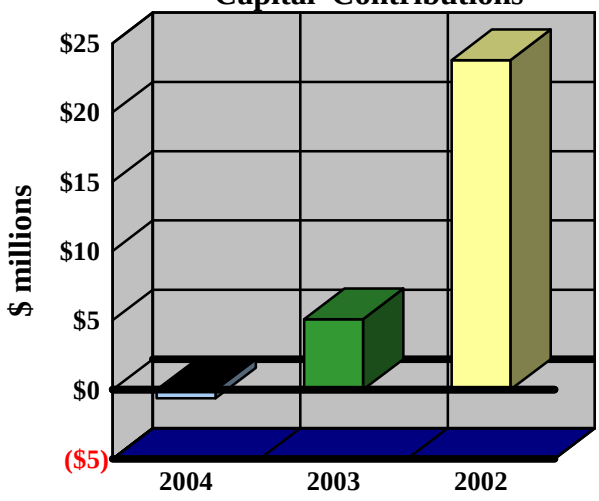


Figure 4 - Income (Loss) Before Capital Contributions



Specifically, major changes in the statements of revenues, expenses and changes in fund net assets were as follows:

- **OPERATING REVENUES** in 2004 increased $2.8 million, or 2% from 2003. They decreased $9.6 million, or 6% between 2003 and 2002 (see Figure 5 and Table 3).

Figure 5 - Operating Revenues

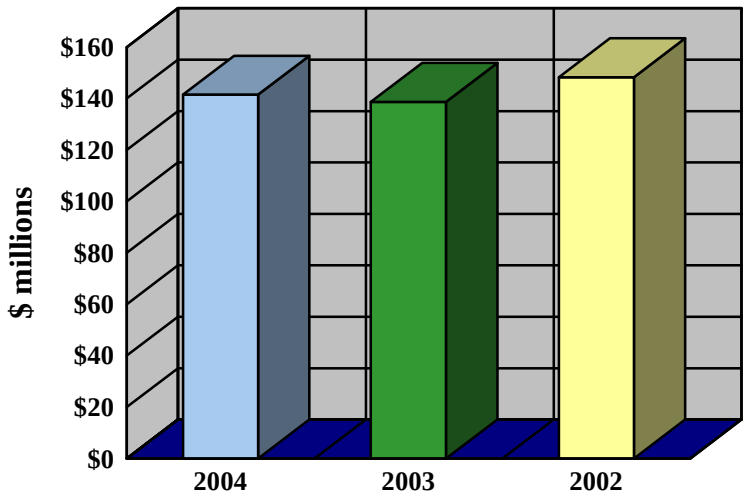


Table 3 - Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003 Increase (Decrease)	2004 - 2003 % Change	2003 - 2002 Increase (Decrease)	2003 - 2002 % Change
	2004	2003	2002				
Water:							
Water sales	$ 127,071	$ 124,355	$ 140,694	$ 2,716	2%	$ (16,339)	(12)%
Drought surcharges	9,067	9,120	2,193	(53)	(1)%	6,927	316%
	136,138	133,475	142,887	2,663	2%	(9,412)	(7)%
Power generation and other:							
Power sales	1,568	1,478	1,353	90	6%	125	9%
Special assessments	3,802	3,756	4,022	46	1%	(266)	(7)%
	5,370	5,234	5,375	136	3%	(141)	(3)%
Total operating revenues	$ 141,508	$ 138,709	$ 148,262	$ 2,799	2%	$ (9,553)	(6)%

Water sales in 2004 increased despite a 9% decrease in treated water consumption (59.4 billion gallons in 2004 compared to 65.4 billion gallons in 2003) due to a rate increase effective January 1, 2004 and a service charge increase effective September 7, 2004. The decreased consumption was largely the effect of water restrictions and conservation incentives instituted by the Board in response to the drought, plus differences in precipitation levels this year compared to last year. Most water restrictions were terminated September 1, 2004.

Water sales in 2003 decreased due to a 13% decrease in treated water consumption (65.4 billion gallons in 2003 compared to 75.2 billion gallons in 2002) partially offset by a rate increase effective January 1, 2003. The decreased consumption was also the effect of water restrictions and conservation incentives instituted by the Board in response to the drought, plus differences in precipitation levels between years. The consumption restrictions ended October 1, 2003.

Drought surcharges on water consumption were imposed by the Board from November 1, 2002 through July 31, 2003, and May 1, 2004 through August 30, 2004.

A tap surcharge was effective September 18, 2002 through June 26, 2003, and April 14, 2004 through August 30, 2004. Proceeds from the tap surcharge were used for conservation rebates.

In response to customer concerns and comments that the 2004 consumption surcharges were not fair to all customers, on October 27, 2004 the Board decided to recalculate the surcharges taking into account individual usage and savings, and make full or partial refunds. During the last quarter of 2004, $5.9 million of surcharges were refunded and deducted from drought surcharge revenue.

Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates from six power generating facilities: Dillon, Foothills, Hillcrest, Roberts Tunnel, Strontia Springs and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power generating operations for repairs and maintenance.

Special assessments increased in 2004 primarily due to increased turn-off and turn-on charges, reduced by refunds of delinquent bill charges. They decreased in 2003 due to decreased drought restriction exemption permits and delinquent bill charges.

- **NONOPERATING REVENUES** in 2004 increased $2.3 million, or 27% from 2003. They decreased $4.1 million, or 32% between 2003 and 2002 (see Table 4).

Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003		2003 - 2002	
	2004	2003	2002	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	$ 4,777	$ 4,700	$ 8,184	$ 77	2%	$ (3,484)	(43)%
Gain on disposition of capital assets	3,237	-	-	3,237	-	-	-
Other nonoperating income	2,927	3,949	4,565	(1,022)	(26)%	(616)	(13)%
Total nonoperating revenues	$ 10,941	$ 8,649	$ 12,749	$ 2,292	27%	$ (4,100)	(32)%

Investment income in 2004 was approximately unchanged from 2003. Investment income in 2003 decreased due to lower market rates on the short term portion of the portfolio and decreases in the fair market value of investments having maturities greater than five years.

Gain on disposition of capital assets increased primarily due to the sale of 685 acres of Fraser River land near Winter Park to Koelbel & Company in May 2004, and the sale of 135 acres of Fehringer Ranch land to Jefferson County Open Space in December 2004.

Other nonoperating income decreased in 2004 and 2003 due to the fact that no operating grants were received in 2004, and a lesser amount was received in 2003 than 2002. The grants were from the U.S. Department of Agriculture and U.S. Environmental Protection Agency for restoration of land around Cheesman Reservoir damaged by the Hayman fire.

- **OPERATING EXPENSES** in 2004 increased $5.2 million, or 4% from 2003. They increased $8.8 million, or 7% between 2003 and 2002 (see Figures 6, 7, 8 and Table 5).

Figure 6 - Total Operating Expenses

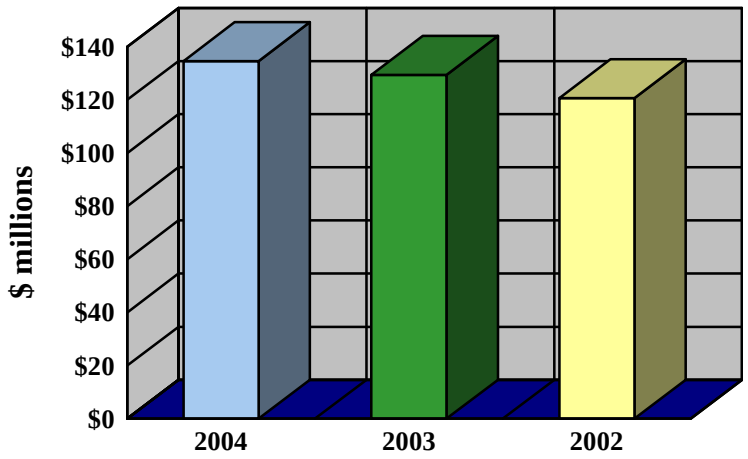
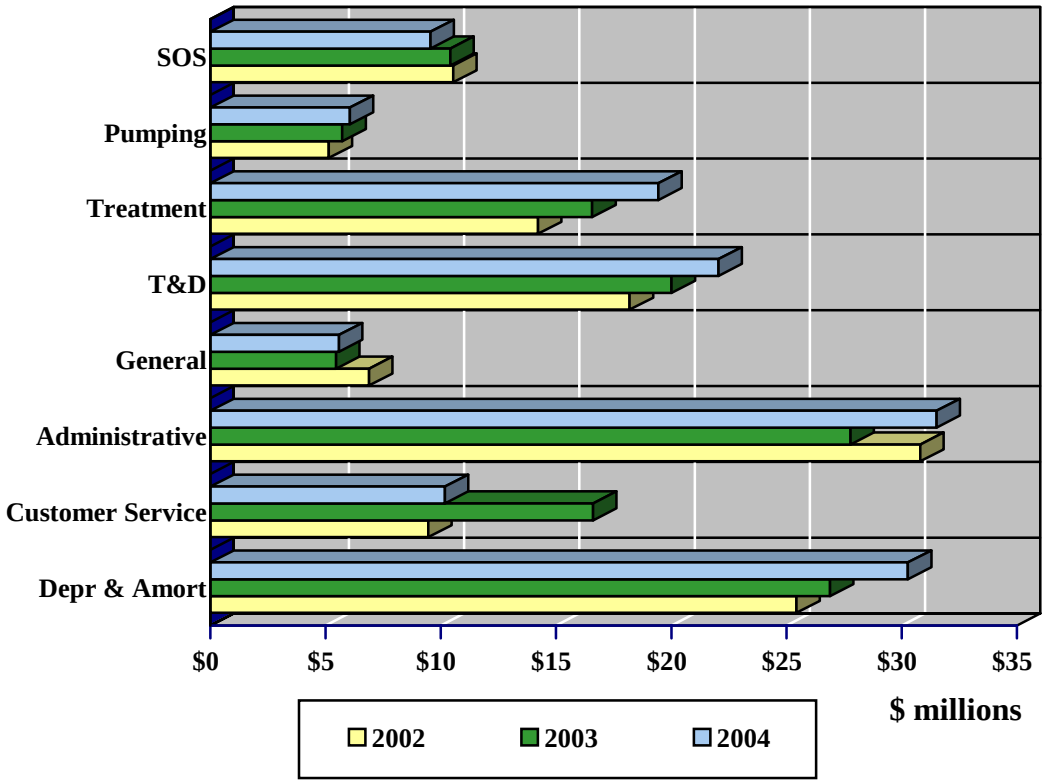


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003		2003 - 2002	
	2004	2003	2002	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	$ 9,558	$ 10,421	$ 10,542	$ (863)	(8)%	$ (121)	(1)%
Pumping	6,053	5,732	5,138	321	6%	594	12%
Treatment	19,436	16,570	14,214	2,866	17%	2,356	17%
Transmission & distribution	22,044	20,012	18,195	2,032	10%	1,817	10%
General	5,591	5,463	6,893	128	2%	(1,430)	(21)%
Administrative	31,513	27,777	30,798	3,736	13%	(3,021)	(10)%
Customer service	10,174	16,601	9,459	(6,427)	(39)%	7,142	76%
Depreciation and amortization	30,268	26,889	25,431	3,379	13%	1,458	6%
Total operating expenses	$ 134,637	$ 129,465	$ 120,670	$ 5,172	4%	$ 8,795	7%

Figure 7 - Operating Expenses by Category



Major changes were as follows:

Treatment increased in 2004 due to new operations and maintenance costs for the recycling plant which started operations in February 2004, and upgrades to the Marston treatment plant. They increased in 2003 due to unanticipated usage of the Moffat treatment plant and start-up expenses associated with the recycling plant.

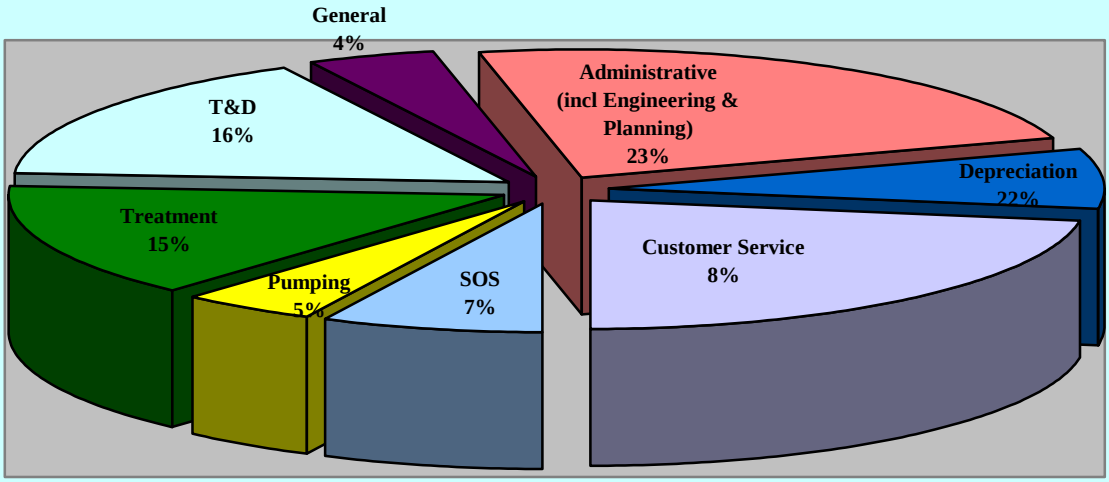
Transmission & Distribution increased in both years due to maintenance and rehabilitation of water mains and conduits.

Administrative increased in 2004 due to increases in Public Affairs-Conservation for conservation incentives, advertising and public information costs due to the drought; and Information Technology for communications and computer related services. They decreased in 2003 primarily due to decreases in Information Technology and Human Resources.

Customer service decreased in 2004 and increased in 2003 due to water conservation and drought related activities in 2003.

Depreciation & Amortization increased in 2004 due to capital asset additions.

Figure 8 - Operating Expense Categories as a Percent of Total Operating Expenses - 2004



- **NONOPERATING EXPENSES** in 2004 increased $5.6 million, or 44% from 2003. They decreased $3.8 million, or 23% between 2003 and 2002 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003 Increase (Decrease)	2004 - 2003 % Change	2003 - 2002 Increase (Decrease)	2003 - 2002 % Change
	2004	2003	2002				
Interest expense	$ 15,283	$ 7,684	$ 12,315	$ 7,599	99%	$ (4,631)	(38)%
Loss on disposition of capital assets	-	481	1,314	(481)	-	(833)	(63)%
Other nonoperating expense	3,152	4,641	2,938	(1,489)	(32)%	1,703	58%
Total nonoperating expenses	$ 18,435	$ 12,806	$ 16,567	$ 5,629	44%	$ (3,761)	(23)%

Interest expense increased in 2004 and decreased in 2003 primarily due to interest expense capitalized for construction in progress in 2003 for construction of the new recycling plant, Marston filtration improvements and Foothills disinfection improvements. When interest is capitalized, the interest is added to the cost of the project rather than being charged to interest expense.

Other nonoperating expense decreased in 2004 and increased in 2003 due to expenses related to the issuance of two revenue bond series in 2003, including the cost of bond insurance policies.

- **CAPITAL CONTRIBUTIONS** in 2004 decreased $6.2 million, or 11% from 2003. They increased $8.7 million, or 19% between 2003 and 2002 (see Table 7).

Table 7 - Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2004 - 2003 Increase (Decrease)	2004 - 2003 % Change	2003 - 2002 Increase (Decrease)	2003 - 2002 % Change
	2004	2003	2002				
Contributions in aid of construction	$ 11,374	$ 33,469	$ 9,690	$ (22,095)	(66)%	$ 23,779	245%
System development charges	36,461	20,568	35,675	15,893	77%	(15,107)	(42)%
Total capital contributions	$ 47,835	$ 54,037	$ 45,365	$ (6,202)	(11)%	$ 8,672	19%

Contributions in aid of construction decreased in 2004 and increased in 2003 due to recording net conveyances of Denver International Airport conduits and mains from the City of $23.0 million in 2003.

System development charges ("SDCs") increased in 2004 due to recognition of prepaid SDCs from Xcel Energy of $12.5 million and Clayton Foundation of $0.4 million for nonpotable water. The cash was received in 1998 and was initially recorded in Customer Advances for Construction, a liability. When the recycling plant opened in February 2004, and nonpotable water began to be delivered, the SDCs were deemed to be "earned" and were moved from the liability to capital contributions. SDCs decreased in 2003 as a result of a $9.1 million payment by Willows Water District for expansion of water service, and a $4 million payment by East Cherry Creek Valley Water and Sanitation District for non-potable water in 2002.

CAPITAL ASSET ACTIVITY

The Board's investment in capital assets at December 31, 2004 and 2003 amounted to $1.48 billion and $1.45 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2004 and 2003 were $71.7 million and $164.4 million, respectively, a decrease of $92.7 million or 56%. Major additions during 2004 are listed in Table 8.

Table 8 - Capital Additions
Year Ended December 31, 2004
(amounts expressed in thousands)

Conduits, mains, hydrants & valves	$30,527
Large meter replacement	6,556
Marston Treatment Plant, pump station, lab & reservoir improvements	5,145
Recycling Plant	4,772
Moffat Treatment Plant improvements	2,803
Vehicle & machine purchases	2,670
Gravel pit projects	1,863
Capitol Hill reservoir conversion	1,760
Computer software	1,583
Water rights	1,377
Gross Reservoir power plant-construction of hydro power house	1,180
Eleven Mile Reservoir improvements	1,088
Foothills Treatment Plant improvements	1,035
Other	9,310
	$71,669

Additional information on Denver Water's capital assets can be found in Note 4 and Exhibit I of this report.

LONG-TERM DEBT ACTIVITY

On November 23, 2004 the Board issued $43.7 million of Series 2004 water revenue bonds. The bonds were sold at competitive sale on November 9, 2004 to Goldman Sachs & Co. The Series 2003B water revenue bonds, in an aggregate principal amount of $77.2 million, were sold at competitive sale on September 11, 2003 to US Bancorp Piper Jaffrey. The Series 2003A Revenue Bonds, in an aggregate principal amount of $50 million, were sold at competitive sale on May 13, 2003 to Goldman, Sachs & Co.

Additional information on Denver Water's long-term debt can be found in Notes 6, 7, 8 and 11 and Exhibits II-A through II-D of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Denver Water
1600 W. 12th Ave.
Denver, Co 80204

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2004 AND 2003
(amounts expressed in thousands)

ASSETS	2004	2003
CURRENT ASSETS:		
Cash	$ 57	$ 438
Temporary cash investments, at fair value, including accrued interest	90,952	101,385
Accounts receivable	10,298	14,564
Materials and supplies inventory, at weighted average cost	5,454	5,150
Total current assets	106,761	121,537
NONCURRENT ASSETS:		
Restricted investments	5,916	6,370
Capital assets:		
Utility plant	1,804,289	1,592,662
Nonutility plant	9,196	8,987
	1,813,485	1,601,649
Less accumulated depreciation and amortization	(442,026)	(417,045)
	1,371,459	1,184,604
Utility plant under capital lease, less accumulated amortization of $5,106 and $4,545, respectively	37,875	38,436
Construction in progress	75,196	226,875
Net capital assets	1,484,530	1,449,915
Other noncurrent assets:		
Long-term investments	67,450	64,259
Deferred charges, less accumulated amortization of $211 and $195, respectively	2,410	3,419
Long-term receivable	7,150	7,938
Total other noncurrent assets	77,010	75,616
Total noncurrent assets	1,567,456	1,531,901
Total assets	1,674,217	1,653,438

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2004 AND 2003
(amounts expressed in thousands)

	2004	2003
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 6,068	$ 6,019
Accrued payroll, vacation and other employee benefits	11,655	10,341
Construction contracts (including retainages of $812 and $5,744, respectively)	1,779	10,245
Accrued interest on long-term debt	3,704	4,632
Unearned revenue	10	122
Current portion of bonds payable	19,765	13,910
Current portion of certificates of participation	4,800	4,605
Current portion of obligation under capital lease	1,090	1,020
Total current liabilities	48,871	50,894
NONCURRENT LIABILITIES:		
Bonds payable, net	270,451	277,342
Certificates of participation, net	49,299	54,040
Obligation under capital lease	27,471	28,561
Customer advances for construction	31,288	42,940
Accrued sick leave	5,172	5,251
Waste disposal closure and postclosure care	2,209	2,166
Total noncurrent liabilities	385,890	410,300
Total liabilities	434,761	461,194
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Invested in capital assets, net of related debt	1,111,654	1,070,437
Restricted for debt service reserve funds	7,002	9,325
Unrestricted	120,800	112,482
Total net assets	$1,239,456	$1,192,244

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(amounts expressed in thousands)

	2004	2003
OPERATING REVENUES:		
Water	$ 136,138	$ 133,475
Power generation and other	5,370	5,234
Total operating revenues	141,508	138,709
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	57,091	52,735
General and administrative	37,104	33,240
Depreciation and amortization	30,268	26,889
Customer service	10,174	16,601
Total operating expenses	134,637	129,465
OPERATING INCOME	6,871	9,244
NONOPERATING REVENUES (EXPENSES):		
Investment income	4,777	4,700
Interest expense, less capitalized interest of $1,225 and $8,068, respectively	(15,283)	(7,684)
Gain (loss) on disposition of capital assets	3,237	(481)
Other income	2,927	3,949
Other expense	(3,152)	(4,641)
Total nonoperating expenses, net	(7,494)	(4,157)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(623)	5,087
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	11,374	33,469
System development charges	36,461	20,568
Total capital contributions	47,835	54,037
INCREASE IN NET ASSETS	47,212	59,124
NET ASSETS:		
Beginning of year	1,192,244	1,133,120
End of year	$1,239,456	$1,192,244

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(amounts expressed in thousands)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$146,562	$139,120
Payments to employees	(73,476)	(67,920)
Payments to suppliers	(28,815)	(36,293)
Other receipts	5,284	8,290
Other payments	(3,211)	(4,469)
Net cash provided by operating activities	46,344	38,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	6,092	5,639
Proceeds from system development charges	23,521	20,568
Proceeds from sales of capital assets	7,906	1,284
Proceeds from long-term bonds, plus premium, less discount	14,108	98,447
Acquisition of capital assets	(72,445)	(128,420)
Principal payments for long-term bonds	(13,910)	(11,960)
Retirements of long-term bonds	-	(1,380)
Principal payments for certificates of participation	(4,605)	(4,430)
Principal payments for capital lease obligations	(1,020)	(955)
Interest paid (includes capitalized interest of $1,225 and $8,068, respectively)	(18,610)	(16,333)
Net cash used for capital and related financing activities	(58,963)	(37,540)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	354,528	536,513
Interest received from investments	4,792	4,604
Purchase of investments	(347,082)	(542,181)
Net cash provided by (used for) investing activities	12,238	(1,064)
NET INCREASE (DECREASE) IN CASH	(381)	124
CASH, AT BEGINNING OF YEAR	438	314
CASH, AT END OF YEAR	$ 57	$ 438

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(amounts expressed in thousands)

	2004	2003
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 6,871	$ 9,244
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	5,161	6,313
Other nonoperating expenses	(3,254)	(4,619)
Decrease in fair value of investments	235	1,877
Depreciation and amortization of property, plant and equipment	30,268	26,889
Change in assets and liabilities-		
Accounts receivable	5,054	411
Materials and supplies inventory	(198)	146
Deferred charges	992	(524)
Accounts payable	49	(1,083)
Accrued payroll, vacation and other employee benefits	1,235	(176)
Unearned revenue	(112)	100
Waste disposal closure and postclosure care	43	150
Net cash provided by operating activities	$46,344	$38,728
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1 - Contributions)	$ 6,570	$26,668
Decrease in fair value of investments	(235)	(1,877)

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS - CONTENTS
DECEMBER 31, 2004 AND 2003

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Water Commissioners (the "Board") was created under the Charter of the City and County of Denver, Colorado (the "City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. It also operates six power plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Associates, for internal consumption, and for repayment to the Department of Energy for power interference.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "*The Financial Reporting Entity*," the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the Board's financial statements present the Board and its component units. The Board has no component units; however, it does have an interest in a component unit of the City as discussed below. The Board's interest in the component unit is blended with the Board's reporting entity because of the significance of its operational or financial relationship with the Board.

The Denver Capital Leasing Corporation ("DCLC") was organized by the City as a nonprofit corporation in accordance with state law to facilitate financing of certain capital projects for the City and the Board. DCLC is governed by a three-member board appointed by the Mayor, and is reported as a component unit of the City. It is similar to an "undivided interest," an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest, each party is liable for specific, identifiable obligations, and borrowing is done individually. Each party reports its own assets, liabilities, revenues, and expenses.

DCLC entered into a Master Lease Purchase Agreement ("MLPA") with the Board pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("Certificates"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The Certificates are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the Certificates. As the Board effectively has assumed substantially all of the risks and rewards of ownership, the Board accounts for the leased assets and related lease obligations as its own assets and its own debt (see Note 7).

The Employees' Retirement Plan of the Denver Board of Water Commissioners, (the "Plan"), the Board's trusteed single-employer defined benefit pension plan, is part of the Board's entity but has been excluded for financial reporting purposes because of the following provision of the Plan (see Note 12):

The Plan and the Retirement Trust Fund created by the Plan were established and shall be maintained for the exclusive benefit of the eligible employees of the Board and their beneficiaries. No part of the Retirement Trust Fund can ever revert to the Board or be used for or diverted to purposes other than the exclusive benefit of the employees of the Board and their beneficiaries or the payment of expenses of the Plan.

Separate audited financial statements are available for the Plan.

B. Measurement Focus and Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net assets, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

C. Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash

The definition of cash for purposes of the statements of cash flows is cash on hand and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

F. Investments

The Board's investments consist of money market investments (commercial paper, money market mutual funds, and U.S. Treasury and agency obligations) and corporate bonds. The method of valuation for all investments is fair value (see Note 2).

G. Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates market.

H. Restricted Investments and Flow Assumption for Restricted Assets

Restricted investments consist of the reserve fund required by the MLPA established from proceeds of Certificates. The reserve fund is to be used only in the event the Board fails to make any base rental payments or other payments and fees defined in the MLPA from unrestricted assets. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date received. Assets are capitalized if they have a cost of $2,500 or more and have a useful life of more than one year.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	7 - 50 years
Furniture, machinery and equipment	5 - 20 years

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2004 and 2003, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $113,000 and $130,000, respectively, net of amortization.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to capital assets.

J. Contributions

Contributions consist of contributions in aid of construction ("CAC") and system development charges ("SDC"). CAC represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CAC and SDC assets, respectively, and is included in operating expenses (see Note 15).

K. Employee Compensated Absences

The Board's policy is to accrue as an expense and liability employee vacation, sick leave and other compensated absences when the employee vests in such benefits.

L. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers for the sale of water and power. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

The Board accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

M. Rates and Fees

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

Consumption and Service Charges
On September 4, 2002, the Board approved a rate increase, effective January 1, 2003, which is estimated to increase normalized annual revenues by 3.1%.

On October 1, 2003, the Board approved a rate increase, effective January 1, 2004, which is estimated to increase normalized annual revenues by 5.0%.

On June 9, 2004, the Board approved a service charge increase effective September 7, 2004, which is estimated to increase annualized revenues by 5.0%.

On September 29, 2004, the Board approved a rate increase, effective January 1, 2005, which is estimated to increase normalized annual revenues by 8.0%.

SDC
On October 22, 2003, the Board approved an increase in SDC, effective October 22, 2003, by an average of 20%.

On November 24, 2004, the Board approved an increase in SDC, effective January 31, 2005, by an average of 11%.

Temporary Drought Consumption Surcharges
In response to the drought, the Board approved the following temporary drought surcharges:

On August 22, 2002, the Board approved consumption surcharges, effective November 1, 2002, which were terminated April 2, 2003.

On April 2, 2003, the Board approved consumption surcharges, effective April 2, 2003, which were terminated July 31, 2003.

On April 14, 2004, the Board approved consumption surcharges, effective May 1, 2004, which were terminated August 30, 2004.

Temporary Drought SDC Surcharge
On September 18, 2002, the Board approved an SDC surcharge effective September 18, 2002, which was terminated on June 26, 2003.

On April 14, 2004, the Board approved an SDC surcharge effective April 14, 2004, which was terminated on August 30, 2004.

N. Recently Issued Accounting Standards

The Board early-implemented GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* in 2003, which affects the Board's disclosures in Note 2, *"Investments."*

O. Reclassifications

Certain reclassifications have been made to conform prior year's information to the current year presentation.

(2) INVESTMENTS

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Commercial paper
- Investment grade corporate bonds
- Money market mutual funds

The Board's restricted and unrestricted investments (current and long-term) at December 31, 2004 and 2003, and their maturities were as follows:

December 31, 2004
(amounts expressed in thousands)

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Corporate obligations	$ 51,761	-	$15,411	$23,280	$13,070
U.S. treasuries	49,882	35,979	6,858	3,798	3,247
Commercial paper	30,715	30,715	-	-	-
U.S. agencies	23,726	18,721	1,514	321	3,170
Repurchase agreement	7,151	7,151	-	-	-
Total securities	163,235	92,566	23,783	27,399	19,487
Money market funds (not considered securities)	1,083	1,083	-	-	-
Total investments	$164,318	$ $93,649	$23,783	$27,399	$19,487

December 31, 2003
(amounts expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5	6 - 10	More Than 10
U.S. treasuries	$ 60,420	$ 45,845	$ 6,781	$ 3,943	$ 3,851
Corporate obligations	47,648	254	16,423	18,351	12,620
Commercial paper	33,829	33,829	-	-	-
U.S. agencies	23,504	22,447	-	585	472
Repurchase agreement	5,793	5,793	-	-	-
Total securities	171,194	108,168	23,204	22,879	16,943
Money market funds (not considered securities)	820	820	-	-	-
Total investments	$172,014	$ $108,988	$23,204	$22,879	$16,943

The Board maintains two investment portfolios, a liquidity portfolio which is designed to provide funds to meet the Board's obligations when they come due and an investment portfolio which is designed to attain a market average rate of return over a full market cycle.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy for the liquidity portfolio limits investments to the following maximum maturities.

Type of Investment	Maximum Maturity
Commercial Paper	7 months
Agency Securities	25 months
Treasury Securities	5 years

The policy also states that any investment maturing in excess of 2 years shall mature no later than the date of a specific cash requirement related to the investment. No more than 25% of the portfolio shall have a maturity exceeding 2 years.

The duration of the investment portfolio is limited to a range between 75% and 125% of the index used for performance measurement, the Lehman Government/Credit Index. Duration is a statistical measure of a portfolio's sensitivity to interest rate changes. The greater a portfolio's duration, the more volatile its expected change in value due to a change in the general level of interest rates.

Credit Risk

The Board limits the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's (S&P) or P1 by Moody's Investor Services (Moody's). Corporate bonds must be rated and must have investment grade ratings by either S&P or Moody's, both nationally recognized statistical rating organizations. If a security is down-graded to the extent it is no longer eligible for purchase, and is not restored to investment grade by the end of the quarter following the quarter in which it becomes ineligible for purchase, it must be sold. As of December 31, 2004 the Board's investments in commercial paper were rated A1 or better by Standard & Poor's or P-1 by Moody's Investors Service. All of the Board's investments in corporate bonds were rated BBB- or better by Standard and Poor's or Baa3 or better by Moody's Investor Services.

Concentration of Credit Risk

The Board has placed limits on the amount that can be invested in any one issuer. For the liquidity portfolio, the limit on commercial paper is the lesser of $10 million or 5% of the portfolio at the time of purchase. Agency securities are limited to an investment of no more than $20 million in any one agency. There is no limit on U. S. government securities. The investment portfolio may not hold more than 10% of the cost of the portfolio in any one issuer, other than the US Government or hold securities that represent more than 5% of any one issue. There were no investments that exceeded the limits imposed by the Board and no securities that were greater than 5% of their respective portfolio's value.

Reserve Fund Agreement

Effective April 7, 2004, the Board entered into an agreement with BNY Western Trust Company ("Trustee") and Lehman Brothers Special Financing, Inc. ("Lehman") whereby restricted investments, held by Trustee on behalf of the Board in connection with reserve funds required by Certificates of Participation (Note 7) are invested in securities sold by Lehman at a guaranteed fixed interest rate of 4.127%. The agreement was entered into by the Board for purposes of managing its borrowings or investments by increasing the predictability of its cash flow from earnings on its investments and not for purposes of speculation. The agreement is scheduled to terminate in November 2011 for the Series 1998 Certificates and in November 2016 for the Series 2001 Certificates. Scheduled reserve fund amounts to be invested under the agreement over its term are $2,321,000 for the Series 1998 Certificates and $3,595,000 for the Series 2001 Certificates.

(3) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2004 and 2003, were as follows. Other Receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales.

(amounts expressed in thousands)

	December 31, 2004		December 31, 2003	
Receivables for treated water sales	$ 7,902	77%	$ 12,691	87%
Other receivables	2,396	23%	1,873	13%
	$ 10,298	100%	$ 14,564	100%
Receivables from City and County of Denver (included above):				
Receivables for treated water sales	$ 149		$ 14	
Other receivables	-		10	
	$ 149		$ 24	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2004 and 2003 were as follows:

Year Ended December 31, 2004
(amounts expressed in thousands)

	December 31, 2003	Additions & Transfers	Sales & Retirements	December 31, 2004
Capital assets not being depreciated:				
Land and land rights	$ 74,105	$ 525	$ (23)	$ 74,607
Construction in progress	226,875	(151,679)	-	75,196
Total capital assets not being depreciated	300,980	(151,154)	(23)	149,803
Capital assets being depreciated:				
Buildings and improvements	125,887	34,549	(134)	160,302
Improvements other than buildings	1,314,851	168,206	(2,592)	1,480,465
Machinery and equipment	129,787	20,068	(8,763)	141,092
Total capital assets being depreciated	1,570,525	222,823	(11,489)	1,781,859
Less accumulated depreciation:				
Buildings and improvements	(36,345)	(2,547)	111	(38,781)
Improvements other than buildings	(350,342)	(22,563)	1,100	(371,805)
Machinery and equipment	(34,903)	(7,376)	5,733	(36,546)
Total accumulated depreciation	(421,590)	(32,486)	6,944	(447,132)
Total capital assets being depreciated, net	1,148,935	190,337	(4,545)	1,334,727
Total capital assets, net	$ 1,449,915	$ 39,183	$ (4,568)	$ 1,484,530

Year Ended December 31,2003 (amounts expressed in thousands)	December 31, 2002	Additions & Transfers	Sales & Retirements	December 31, 2003
Capital assets not being depreciated:				
Land and land rights	$ 63,252	$ 10,919	$ (66)	$ 74,105
Construction in progress	199,453	27,422	-	226,875
Total capital assets not being depreciated	262,705	38,341	(66)	300,980
Capital assets being depreciated:				
Buildings and improvements	121,632	4,256	(1)	125,887
Improvements other than buildings	1,218,978	97,566	(1,693)	1,314,851
Machinery and equipment	108,629	24,200	(3,042)	129,787
Total capital assets being depreciated	1,449,239	126,022	(4,736)	1,570,525
Less accumulated depreciation:				
Buildings and improvements	(34,002)	(2,344)	1	(36,345)
Improvements other than buildings	(328,984)	(22,311)	953	(350,342)
Machinery and equipment	(29,317)	(7,628)	2,042	(34,903)
Total accumulated depreciation	(392,303)	(32,283)	2,996	(421,590)
Total capital assets being depreciated, net	1,056,936	93,739	(1,740)	1,148,935
Total capital assets, net	$ 1,319,641	$ 132,080	$ (1,806)	$ 1,449,915

Depreciation and amortization for the years ended December 31, 2004 and 2003 were as follows:

(amounts expressed in thousands)	Years Ended December 31, 2004	2003
Operating expenses, water service	$ 30,268	$ 26,889
Nonoperating expenses	137	114
Other, as allocated	2,097	2,160
Total depreciation and amortization	32,502	29,163
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Add depreciation on Denver International Airport conduits and mains	-	3,136
Total increase in accumulated depreciation of property, plant and equipment	$ 32,486	$ 32,283

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The Board carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes and terrorism, for five major facilities: the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Recycling Plant. It carries limited insurance for other miscellaneous locations. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2004 and 2003, claims liabilities consisting of medical and dental benefits were $1,132,000 and $1,007,000, respectively. Changes in the balances of these liabilities during 2004 and 2003 were as follows:

(amounts expressed in thousands)

	Beginning-of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2004	$ 1,007	$ 11,140	$ (11,015)	$ 1,132
2003	$ 1,084	$ 9,033	$ (9,110)	$ 1,007

Claims liabilities are reported in accrued payroll, vacation and other employee benefits on the statements of net assets. The Board has identified $9.5 million of its investments as available for claims covered by self-insurance.

(6) BONDS PAYABLE

Bonds payable consists of general obligation water improvement and refunding bonds of the City and water revenue improvement and refunding bonds of the Board. The Board is committed to repay the bonds and related interest from its revenues. Coupon rates for the bonds outstanding at December 31, 2004, range from 2.25% to 6.0%. The weighted average coupon rate on all outstanding bonds was 4.73% and 4.70% for the years ended December 31, 2004 and 2003, respectively. A summary of debt maturity for the bonds as of December 31, 2004, is as follows:

(amounts expressed in thousands)			
	Principal	Interest	Total
Year of Maturity:			
Current:	$ 19,765	$ 13,366	$ 33,131
Long-term:			
2006	20,610	12,408	33,018
2007	24,675	11,535	36,210
2008	22,445	10,344	32,789
2009	23,270	9,239	32,509
2010-2014	75,740	32,646	108,386
2015-2019	47,075	16,761	63,836
2020-2024	36,610	7,641	44,251
2025-2029	11,550	3,232	14,782
	261,975	103,806	365,781
Plus premium	11,217	-	11,217
Less deferred amount on refunding	(2,741)	-	(2,741)
Total long-term	270,451	103,806	374,257
	$ 290,216	$ 117,172	$ 407,388

In 2004, the Board issued the Series 2004 water revenue bonds in an aggregate principal amount of $43,655,000 at a true interest cost (TIC) at sale of 3.61%. The proceeds of these bonds were in part an advanced refunding issue and in part a capital improvement issue. The proceeds were used as follows:

1) $9,455,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2012, 2013, 2014 and 2015 maturities of the Series 2000 general obligation bonds callable on October 1, 2011. $955,000 of these maturities will remain outstanding.

2) $9,960,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2008, 2009, 2010, 2011 and 2012 maturities of the Series 1997 general obligation bonds callable on October 1, 2007. $1,940,000 of these maturities will remain outstanding.

3) $6,635,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2007, 2008, 2009, 2010 and 2011 maturities of the Series 1996 general obligation bonds callable on October 1, 2006. $695,000 of these maturities will remain outstanding.

4) $5,455,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2010 maturities of the Series 1995 general obligation bonds callable on October 1, 2005. $545,000 of these maturities will remain outstanding.

5) The remaining proceeds were used to fund amounts advanced by the Board for acquisition, construction and installation of capital improvements in accordance with the Board's reimbursement resolution for capital improvement financing dated December 17, 2003. These proceeds were allocated to the costs related to construction of the first phase of the recycled water project.

As a result of using funds placed in the escrow account to purchase treasury securities sufficient to pay all future principal and interest payments and to call the bonds on their respective call dates, the bonds discussed above are

considered to be defeased. The liability for those bonds has been removed from the Board's balance sheet at December 31, 2004. The aggregate principal amount of all bonds considered defeased at December 31, 2004 is $31,505,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of $2,102,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized as a component of interest expense through 2011. At December 31, 2004, the unamortized deferred amount on refunding for all bond refundings deducted from bonds payable is $2,741,000.

The Board completed the current and advance refundings to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments). The reduction in total debt service requirements over the next eleven years is $1,634,000 with an economic gain of $1,502,000.

The Board issued two series of revenue bonds in 2003, Series 2003A in May and Series 2003B in September. The Series 2003A revenue bonds were issued in an aggregate principal amount of $50,000,000 at a true interest cost (TIC) of 4.26%. The proceeds of these bonds were used to fund amounts previously advanced by the Board for the acquisition, construction and installation of capital improvements to the Marston and Foothills water treatment plants.

The Series 2003B revenue bonds were issued in an aggregate principal amount of $77,155,000 at a true interest cost (TIC) of 3.79%. The proceeds of these bonds were used as follows:

1) $9,840,000 was used to pay for the October 1, 2003 maturities of the Series 1994, 1995, 1996 and 1997 general obligation bonds.

2) $35,795,000 was used for a current refunding of the remaining Series 1994 general obligation bonds callable on October 1, 2003.

3) The remaining proceeds were used to fund amounts advanced by the Board for acquisition, construction and installation of capital improvements in accordance with the Board's reimbursement resolution for capital improvement financing dated April 21, 1998. These proceeds were allocated to the costs related to construction of the first phase of the recycled water project.

The current refunding of the Series 1994 bonds increased total debt service requirements over the next 10 years by $249,000, but resulted in an economic gain of $2,963,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds ("deferred amount on refunding") of $309,000. This difference, reported in the accompanying financial statements as a deduction from the bonds is being amortized as a component of interest expense through 2010.

(7) CERTIFICATES OF PARTICIPATION

Certificates of Participation (see Note 1) were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding Certificates will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

Certificates were issued in 1987, 1991, 1998 and 2001 to finance the construction of pretreatment facilities for the Marston Treatment Plant, improvements to the Moffat Treatment Plant, construction of the 64th Avenue Pump Station, and to advance refund previously issued Certificates to take advantage of lower interest rates. As of December 31, 2004, only the 2001 and 1998 Certificates remain outstanding with principal balances of $33,500,000 and $21,055,000, respectively.

The advance refunding of past Certificates resulted in a difference between the reacquisition price and the net carrying amount of the old Certificates ("deferred amount on refunding"). This difference, reported in the accompanying financial statements as a deduction from the Certificates, is being amortized as a component of interest expense through November 2011, which is the shorter of the remaining life of the old Certificates and the life of the new Certificates. At December 31, 2004, the unamortized deferred amount on refunding deducted from the Certificates is $1,324,000.

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the Certificates. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2004 and 2003, the reserve fund was $5,916,000 and $6,370,000, respectively, and is recorded as Restricted Investments. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

A summary of scheduled payments for the Certificates as of December 31, 2004, is as follows:

(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 4,800	$ 2,534	$ 7,334
Long-term:			
2006	5,005	2,327	7,332
2007	5,235	2,110	7,345
2008	5,710	1,867	7,577
2009	5,970	1,629	7,599
2010-2014	23,725	3,602	27,327
2015-2016	4,110	311	4,421
	49,755	11,846	61,601
Plus premium	868	-	868
Less deferred amount on refunding	(1,324)	-	(1,324)
Total long-term	49,299	11,846	61,145
	$ 54,099	$ 14,380	$ 68,479

The Certificates are also collateralized by certain assets purchased and/or constructed under the MLPA. Two locations are subject to the MLPA, the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

(8) CAPITAL LEASE

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of

Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a $2.4 million nonrefundable deposit, was $43 million, and the Board recorded an asset and obligation under capital lease of that amount in 1992. The project was completed in the fall of 1995. The asset is recorded in Utility Plant under Capital Lease and amortization of the asset is included in Depreciation and Amortization.

Minimum capital lease payments were $3,000,000 during both 2004 and 2003. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2004:

(amounts expressed in thousands)	
Year Ending December 31:	
2005	$ 3,000
2006	3,000
2007	3,000
2008	3,000
2009	3,000
2010-2014	15,000
2015-2019	15,000
2020	1,500
Total minimum lease payments	46,500
Less interest at 6.75%	(17,939)
Present value of minimum lease payments (obligation under capital lease)	28,561
Less current portion	(1,090)
	$ 27,471

(9) CUSTOMER ADVANCES FOR CONSTRUCTION

South Adams County Water and Sanitation District ("SACWSD")

On December 16, 1997, the Board and SACWSD entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board would have supplied 4,000 acre-feet of treated water annually to SACWSD beginning on or before January 15, 2004, for which SACWSD paid prepaid system development charges of $22,920,000 in December 1997. The agreement was contingent upon SACWSD's acquiring, developing, and conveying to the Board storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. Because development of the storage projects will take longer than anticipated, the Board and SACWSD entered into a temporary potable water lease agreement whereby the Board will provide 2,000 acre-feet of water annually to SACWSD until the project is operational, which is estimated to be December 2007.

The Board initially recorded all payments in Customer Advances for Construction. Conveyances of $9.0 million have been transferred since inception through December 31, 2004 from Customer Advances for Construction to Contributions in Aid of Construction for the storage facilities and improvements. Transfers are made as work is performed. When storage facilities for 8,000 acre-feet of water are completed and the Board begins supplying water under the agreement, the initial payment of $22,920,000 will be transferred to System Development Charges.

Xcel Energy ("Xcel")

In December 1997, the Board and Xcel entered into an agreement whereby the Board will supply up to 5,200 acre-feet of nonpotable reuse water annually from the Board's nonpotable recycling plant to Xcel's Cherokee generating plant beginning in February 2004, when the recycling plant was completed, for which Xcel paid prepaid system development charges of $12,519,000 in January 1998. The Board initially recorded the 1998 payment in Customer Advances for Construction. The payment was transferred to System Development Charges in February 2004.

(10) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*," ("GASB No. 18"), the Board voluntarily implemented the provisions of that statement in 2000 to meet state and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each statement of net assets date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not "filled" like a landfill, but are reusable.

Approximately $2.2 million is reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2004 and 2003 for the two sites as follows:

(amounts expressed in thousands)

	Foothills	Ralston	Total
2004			
Closure Costs	$ 177	$ 1,020	$ 1,197
Postclosure Care Costs	247	765	1,012
	$ 424	$ 1,785	$ 2,209
2003			
Closure Costs	$ 174	$ 1,001	$ 1,175
Postclosure Care Costs	239	752	991
	$ 413	$ 1,753	$ 2,166

These costs are based on the use of 18% of the active portion of the Foothills landfill and 100% of the Ralston drying beds. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,130,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be approximately 50 years for the active disposal area of 61.7 acres. In addition, there is expansion capability of 62 acres with an indefinite life. The Ralston drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the "Local Government Financial Test" which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(11) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2004 and 2003 were as follows:

Year Ended December 31, 2004
(amounts expressed in thousands)

	December 31, 2003 (Current and Long-Term)	2004 Additions	2004 Reductions	December 31, 2004 (Current and Long-Term)	Due Within One Year
Bonds payable, net	$ 291,252	$ 45,655	$ (46,691)	$ 290,216	$ 19,765
Certificates of participation, net	58,645	-	(4,546)	54,099	4,800
Obligation under capital lease	29,581	-	(1,020)	28,561	1,090
Customer advances for construction	42,940	5,014	(16,666)	31,288	-
Accrued sick leave	7,096	-	(107)	6,989	1,817
Waste disposal closure	2,166	43	-	2,209	-
	431,680	$ 50,712	$ (69,030)	413,362	$ 27,472
Less current portion	(21,380)			(27,472)	
Total long-term liabilities	$ 410,300			$ 385,890	

Year Ended December 31, 2003
(amounts expressed in thousands)

	December 31, 2002 (Current and Long-Term)	2003 Additions	2003 Reductions	December 31, 2003 (Current and Long-Term)	Due Within One Year
Bonds payable, net	$ 207,209	$ 134,013	$ (49,970)	$ 291,252	$ 13,910
Certificates of participation, net	62,950	-	(4,305)	58,645	4,605
Obligation under capital lease	30,536	-	(955)	29,581	1,020
Customer advances for construction	44,102	4,120	(5,282)	42,940	-
Accrued sick leave	7,072	24	-	7,096	1,845
Waste disposal closure	2,016	150	-	2,166	-
	353,885	$ 138,307	$ (60,512)	431,680	$ 21,380
Less current portion	(19,184)			(21,380)	
Total long-term liabilities	$ 334,701			$ 410,300	

(12) PENSION PLAN

Plan Description

The Board sponsors and administers a trusteed, single-employer defined benefit pension plan, (the "Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement benefits in the event of total and permanent disability, and a $5,000 death benefit. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Manager of Treasury Operations, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Contribution requirements of plan members and the Board are established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of an immediate monthly annuity with no cost-of-living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost ("APC") for 2004 was approximately $9,006,000, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of

return (net of administrative expenses), (b) projected salary increases ranging from 4.5% to 11.5% per year, and (c) 4.0% per year cost-of-living adjustments. Salary increases include an inflation component of 4.0%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts on a closed basis. The remaining amortization period at January 1, 2004 was 31 years.

Trend Information

Three-year trend information for the Board's pension cost and contributions is as follows:

(amounts expressed in thousands)			
Year	Cost (APC)	Contributed	Obligation
2002	$6,063	100%	-
2003	$7,833	100%	-
2004	$9,006	100%	-

A Schedule of Funding Progress for the Plan is as follows (amounts expressed in thousands):

(amounts expressed in thousands)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/02	$193,040	$209,443	$16,403	92.2%	$50,695	32.4%
1/1/03	$189,791	$224,080	$34,289	84.7%	$53,188	64.5%
1/1/04	$191,817	$237,094	$45,277	80.9%	$54,903	82.5%

(13) OTHER RETIREMENT PLANS

The Board sponsors the Denver Water Supplemental Retirement Savings Plan ("SRSP"). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3% of the participant's base salary for the year. During 2004 and 2003, the Board made contributions totaling approximately $1,432,000 and $1,415,000, and members contributed approximately $3,001,000 and $2,895,000 respectively, to the SRSP.

The Board makes a deferred compensation plan available for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and the Board does not make any contributions.

(14) POSTRETIREMENT BENEFITS

As part of the retirement program revisions instituted in 1995, the Board, under authority of the City Charter, established a postretirement health care benefit in the form of a $125 fixed monthly subsidy for medical, dental, or vision insurance coverage obtained through the Board's health plan to all employees taking early retirement. The subsidy begins with the first pension payment and continues until the retiree reaches age 65, or until pension payments cease, whichever is earlier. The subsidy is not written in the retirement plan or paid out of retirement plan funds and can only be used each month to offset part or all of that month's cost of insurance coverage. Currently, 107 retirees are eligible to receive this benefit. Expenses of this program are recognized as incurred, which amounted to $144,000 and $133,000 during 2004 and 2003, respectively.

(15) CAPITAL CONTRIBUTIONS AND GRANTS

Capital Contributions

Inception-to-date and current year proceeds from contributions in aid of construction ("CAC") and system development charges ("SDC") were as follows (amounts expressed in thousands):

(amounts expressed in thousands)	CAC	SDC
Inception through December 31, 2002	$ 252,738	$ 413,845
2003 Additions	33,469	20,568
Inception through December 31, 2003	286,207	434,413
2004 Additions	11,374	36,461
Inception through December 31, 2004	$ 297,581	$ 470,874

During 2003, the Board recorded net conveyances from the City of conduits and mains constructed at Denver International Airport of $23.0 million.

Operating Grants

As a result of the Hayman fire, the Board entered into an agreement with the U.S. Department of Agriculture Natural Resources Conservation Service on September 16, 2002 under their Emergency Watershed Protection Program whereby they reimbursed the Board for 75% of its total costs up to $3,524,000, or $2,643,000, for restoration of the land damaged by the fire around Cheesman reservoir. The length of the agreement was for 220 days. Amounts earned were $1,636,000 and $1,007,000 during 2002 and 2003, respectively, for a total of $2,643,000, and were recorded in nonoperating revenues (expenses) – other income.

The Board also entered into an agreement with the U.S. Environmental Protection Agency on November 29, 2002 under Section 319 of the Clean Water Act whereby they reimbursed the Board for 60% of its total costs up to $833,333, or $500,000, to revegetate the burn area surrounding Cheesman Reservoir through a seeding and mulching effort. The agreement was effective through December 31, 2003. Amounts earned were $65,000 and $108,000 during 2002 and 2003, respectively, for a total of $173,000, and were recorded in nonoperating revenues (expenses) – other income.

(16) CONTINGENCIES

In the normal course of business, there are various outstanding legal proceedings, claims, commitments, and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Board's financial condition.

(17) CONTRACT COMMITMENTS

Total contract commitments as of December 31, 2004 were $11.0 for construction and $103.2 million for other purposes for a total of $114.2 million, including the remaining construction of the recycling plant.

The recycled water project is a water supply project that will result in the treatment and delivery of up to 17,660 acre-feet of water suitable for industrial and outside irrigation uses. The first phase of the project included a 30 million gallon per day ("mgd") treatment plant located at 56th Avenue and York Street, and distribution facilities to serve Xcel Energy and parks and schools located primarily in the north and central sections of Denver. Subsequent phases will include expansion of the treatment plant to 45 mgd and extension of the distribution facilities to Stapleton, Lowry, Rocky Mountain Arsenal, and other industrial and outside irrigation users in close proximity to the major pipelines. The total project is currently estimated to cost $170 million, excluding indirect costs, and is scheduled for completion in 2013. The first phase, recorded in utility plant, was completed in February 2004 at a cost of $110.9 million, including indirect costs. The cost of subsequent phases recorded in utility plant and construction in progress as of December 31, 2004 were $15.2 million, including indirect costs.

SUPPLEMENTAL FINANCIAL INFORMATION

EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2004
		Balance, December 31, 2003	Additions and Transfers	Sales and Retirements	Balance, December 31, 2004	Balance, December 31, 2003	Provision	Sales, Retirements and Transfers	Balance, December 31, 2004	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 419,350	$ 30,179	$ (1,221)	$ 448,308	$ 113,172	$ 4,976	$ (427)	$ 117,721	$ 330,587
Pumping plant	20 - 80	49,574	15,970	(816)	64,728	14,203	1,167	(554)	14,816	49,912
Water treatment plant	20 - 80	272,104	122,501	(4,663)	389,942	63,984	7,365	(2,305)	69,044	320,898
Transmission and distribution plant	30 - 80	652,700	44,285	(267)	696,718	151,744	9,049	(68)	160,725	535,993
General plant and equipment	5 - 50	99,278	5,489	(4,521)	100,246	52,439	5,649	(3,584)	54,504	45,742
Leasehold and other improvements	5 - 30	85,594	4,708	(5)	90,297	18,501	3,581	(5)	22,077	68,220
Land held for future use		14,062	-	(12)	14,050	-	-	-	-	14,050
Total utility plant in service		1,592,662	223,132	(11,505)	1,804,289	414,043	31,787	(6,943)	438,887	1,365,402
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,927	207	(7)	9,127	2,964	132	(1)	3,095	6,032
General equipment	10 - 20	60	9	-	69	38	6	-	44	25
Total nonutility plant in service		8,987	216	(7)	9,196	3,002	138	(1)	3,139	6,057
UTILITY PLANT UNDER CAPITAL LEASE	80	42,981	-	-	42,981	4,545	561	-	5,106	37,875
CONSTRUCTION IN PROGRESS		226,875	(151,679)	-	75,196	-	-	-	-	75,196
Total property, plant and equipment		$ 1,871,505	$ 71,669	$ (11,512)	$ 1,931,662	$ 421,590	$ 32,486	$ (6,944)	$ 447,132	$ 1,484,530

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2004
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2004	Amount Issued	Amount Retired	Amount Outstanding	Bonds Which Are Callable: Callable Amount	Bonds Which Are Callable: Initial Date Callable
General Obligation Bonds						
Sep 15, 1995	5.00%	$ 12,825	$ (11,080)	$ 1,745	$ 545	Oct 1, 2005
Sep 15, 1996	5.00-5.375%	16,975	(13,850)	3,125	695	Oct 1, 2006
Aug 1, 1997	4.60-5.50%	19,530	(13,310)	6,220	1,940	Oct 1, 2007
Sep 15, 1999	5.50-6.00%	14,530	-	14,530	11,550	Oct 1, 2013
Sep 15, 2000	4.80-5.50%	12,700	(9,455)	3,245	955	Oct 1, 2011
Aug 15, 2001A	4.00-4.70%	11,215	(1,965)	9,250	4,310	Sep 1, 2011
Aug 15, 2001B	4.00-5.00%	75,170	(5,710)	69,460	-	Not callable
Oct 1, 2002	2.25-4.50%	11,610	(1,810)	9,800	5,970	Oct 1, 2012
Total General Obligation Bonds		174,555	(57,180)	117,375	25,965	
Revenue Bonds						
May 15, 2003A	2.50-5.00%	50,000	(100)	49,900	46,955	Jun 1, 2013
Sep 15, 2003B	2.50-5.00%	77,155	(6,345)	70,810	37,110	Jun 1, 2013
Nov 23, 2004	3.00-5.50%	43,655	-	43,655	7,585	Dec 1, 2014
Total Revenue Bonds		170,810	(6,445)	164,365	91,650	
		$ 345,365	$ (63,625)	281,740	$ 117,615	
Plus premium				11,217		
Less deferred amount on refunding				(2,741)		
				$ 290,216		

EXHIBIT II-B

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF DEBT SERVICE REQUIREMENTS OUTSTANDING
AT DECEMBER 31, 2004
YEARS 2005 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Bond Retirements (Exhibit II-C)	Bond Interest (Exhibit II-D)	Total Debt Service
2005	$ 19,765	$ 13,366	$ 33,131
2006	20,610	12,408	33,018
2007	24,675	11,535	36,210
2008	22,445	10,344	32,789
2009	23,270	9,239	32,509
2010	24,285	8,198	32,483
2011	9,695	6,936	16,631
2012	13,265	6,438	19,703
2013	13,920	5,840	19,760
2014	14,575	5,234	19,809
2015	15,275	4,541	19,816
2016	16,215	3,812	20,027
2017	4,975	3,036	8,011
2018	5,180	2,806	7,986
2019	5,430	2,566	7,996
2020	7,190	2,313	9,503
2021	9,040	1,974	11,014
2022	9,485	1,554	11,039
2023	9,905	1,111	11,016
2024	990	689	1,679
2025	-	647	647
2026	-	647	647
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
	281,740	117,172	398,912
Plus premium	11,217	-	11,217
Less deferred amount on refunding	(2,741)	-	(2,741)
	$ 290,216	$ 117,172	$ 407,388

EXHIBIT II-C

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR BONDS OUTSTANDING AT DECEMBER 31, 2004
YEARS 2005 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Total
2005	$ 1,200	$ 1,185	$ 1,330	-	-	$ 640	$ 11,705	$ 430	$ 100	$ 2,715	$ 460	$ 19,765
2006	-	1,245	1,400	-	-	645	9,615	440	100	6,680	485	20,610
2007	-	120	1,550	-	-	670	20,145	450	100	100	1,540	24,675
2008	-	135	275	-	-	700	17,655	465	100	100	3,015	22,445
2009	-	140	325	-	-	730	10,340	485	100	7,830	3,320	23,270
2010	545	145	405	1,820	-	760	-	500	100	10,725	9,285	24,285
2011	-	155	460	660	2,290	795	-	520	200	400	4,215	9,695
2012	-	-	475	-	225	830	-	540	1,000	5,150	5,045	13,265
2013	-	-	-	500	230	700	-	565	1,145	8,025	2,755	13,920
2014	-	-	-	-	245	900	-	590	1,540	8,400	2,900	14,575
2015	-	-	-	-	255	980	-	615	1,550	8,825	3,050	15,275
2016	-	-	-	-	-	900	-	640	2,110	11,860	705	16,215
2017	-	-	-	-	-	-	-	670	3,570	-	735	4,975
2018	-	-	-	-	-	-	-	525	3,885	-	770	5,180
2019	-	-	-	-	-	-	-	515	4,110	-	805	5,430
2020	-	-	-	-	-	-	-	190	6,160	-	840	7,190
2021	-	-	-	-	-	-	-	810	7,355	-	875	9,040
2022	-	-	-	-	-	-	-	850	7,720	-	915	9,485
2023	-	-	-	-	-	-	-	-	8,955	-	950	9,905
2024	-	-	-	-	-	-	-	-	-	-	990	990
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	11,550	-	-	-	-	-	-	-	11,550
	$ 1,745	$ 3,125	$ 6,220	$ 14,530	$ 3,245	$ 9,250	$ 69,460	$ 9,800	$ 49,900	$ 70,810	$ 43,655	$281,740

EXHIBIT II-D

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR BONDS OUTSTANDING AT DECEMBER 31, 2004
YEARS 2005 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Total
2005	$ 87	$ 157	$ 309	$ 820	$ 173	$ 395	$ 3,370	$ 359	$ 2,266	$ 3,213	$ 2,217	$ 13,366
2006	28	98	248	820	173	369	2,784	349	2,261	3,132	2,146	12,408
2007	27	37	183	820	173	343	2,304	338	2,258	2,930	2,122	11,535
2008	27	31	98	820	173	316	1,296	325	2,254	2,929	2,075	10,344
2009	27	24	84	820	173	289	413	311	2,250	2,924	1,924	9,239
2010	27	16	68	820	173	259	-	296	2,247	2,533	1,759	8,198
2011	-	9	48	711	173	228	-	279	2,244	1,996	1,248	6,936
2012	-	-	24	674	47	194	-	262	2,239	1,982	1,016	6,438
2013	-	-	-	673	36	159	-	244	2,189	1,775	764	5,840
2014	-	-	-	647	25	128	-	223	2,131	1,454	626	5,234
2015	-	-	-	647	13	87	-	201	2,077	1,035	481	4,541
2016	-	-	-	647	-	42	-	178	2,023	594	328	3,812
2017	-	-	-	647	-	-	-	152	1,939	-	298	3,036
2018	-	-	-	647	-	-	-	125	1,769	-	265	2,806
2019	-	-	-	647	-	-	-	104	1,584	-	231	2,566
2020	-	-	-	647	-	-	-	82	1,389	-	195	2,313
2021	-	-	-	647	-	-	-	74	1,096	-	157	1,974
2022	-	-	-	647	-	-	-	39	747	-	121	1,554
2023	-	-	-	647	-	-	-	-	381	-	83	1,111
2024	-	-	-	647	-	-	-	-	-	-	42	689
2025	-	-	-	647	-	-	-	-	-	-	-	647
2026	-	-	-	647	-	-	-	-	-	-	-	647
2027	-	-	-	646	-	-	-	-	-	-	-	646
2028	-	-	-	646	-	-	-	-	-	-	-	646
2029	-	-	-	646	-	-	-	-	-	-	-	646
	$ 223	$ 372	$ 1,062	$ 17,327	$ 1,332	$ 2,809	$ 10,167	$ 3,941	$ 35,344	$ 26,497	$ 18,098	$ 117,172

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Dennis J. Gallagher, Auditor
and the Board of Water Commissioners
City and County of Denver, Colorado

We have audited the financial statements of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), as of and for the year ended December 31, 2004, and have issued our report thereon dated March 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we express no such opinion. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain matters that we reported to management of the Board in a separate letter dated March 22, 2005.

This report is intended solely for the information and use of the Auditor of the City and County of Denver, Colorado, the Board, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Denver, Colorado
March 22, 2005

STATISTICAL SECTION

STATISTICAL SECTION - CONTENTS AND EXPLANATIONS

This part of Denver Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Denver Water's overall financial health.

(Continued next page)

Sources *: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or internal Denver Water operating groups.*

STATISTICAL SUMMARY: 1995 - 2004

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Financial Information[1]										
Operating Revenues	**$ 141,508**	$ 138,709	$ 148,262	$ 151,198	$ 153,429	$ 127,655	$ 128,570	$ 121,074	$ 118,580	$ 94,952
Operating Expenses	**$ 134,637**	$ 129,465	$ 120,670	$ 110,618	$ 106,066	$ 100,719	$ 97,489	$ 93,202	$ 92,072	$ 86,742
Operating Income	**$ 6,871**	$ 9,244	$ 27,592	$ 40,580	$ 47,363	$ 26,936	$ 31,081	$ 27,872	$ 26,508	$ 8,210
Income (loss) before Capital Contributions	**$ (623)**	$ 5,087	$ 23,774	$ 38,257	$ 27,436	$ 21,117	$ 21,611	$ 19,198	$ 8,193	$ (6,883)
Net Assets	**$ 1,239,456**	$1,192,244	$1,133,120	$1,063,981	$ 985,132	$ 913,928	$ 855,753	$ 803,516	$ 742,818	$ 712,763
Increase in Net Assets	**$ 47,212**	$ 59,124	$ 69,139	$ 78,849	$ 71,204	$ 58,175	$ 52,237	$ 60,698	$ 30,055	$ 18,856
Gross Property, Plant & Equipment	**$ 1,931,662**	$1,871,505	$1,711,944	$1,588,496	$1,492,281	$1,408,333	$ 1,347,620	$ 1,282,062	$1,236,743	$1,209,646
Net Property, Plant & Equipment (after depreciation)	**$ 1,484,530**	$1,449,915	$1,319,641	$1,220,205	$1,144,868	$1,082,973	$ 1,042,918	$ 993,753	$ 968,496	$ 959,945
Additions to Property, Plant & Equipment	**$ 71,669**	$ 164,363	$ 128,479	$ 104,721	$ 87,493	$ 65,806	$ 73,095	$ 47,664	$ 33,178	$ 38,491
Total Long-Term Debt[2]	**$ 372,876**	$ 379,478	$ 300,695	$ 308,879	$ 289,681	$ 294,757	$ 299,773	$ 329,466	$ 334,618	$ 340,598
Operating Information										
Population Served[3]	**1,104,000**	1,081,000	1,076,000	1,052,000	1,036,000	1,012,000	996,000	980,000	966,000	949,000
Total Treated Water Consumption in Million Gallons	**60,578.77**	65,399.47	75,221.18	81,054.72	83,585.25	75,232.01	77,475.48	75,363.33	76,203.96	65,267.91
Average Daily Consumption in Million Gallons	**165.52**	179.18	206.09	222.07	228.38	206.12	212.26	206.47	208.21	178.82
Average Daily Consumption per Capita in Gallons	**150**	166	192	211	220	204	213	211	216	188
Maximum Daily Consumption in Million Gallons	**340.92**	370.05	419.20	488.71	478.19	475.66	512.53	517.57	456.99	453.55
Maximum Hour Treated Water Use Rate (MGD)[4]	**567.52**	775.23	788.09	716.86	751.47	676.26	763.87	712.48	736.53	565.13
Treated Water Pumped in Million Gallons	**39,105.07**	46,030.79	51,205.33	54,161.28	47,953.92	38,149.92	33,990.21	34,179.67	39,578.30	32,115.03
Raw Water Storage Capacity in Acre-Feet	**561,883**	561,883	561,883	561,883	545,476	545,476	545,476	545,476	545,476	545,476
Replacement Reservoir Storage Capacity in Acre-Feet	**122,432**	122,432	122,432	122,432	96,822	96,822	96,822	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet[5]	**119,978**	144,982	58,856	129,926	133,912	210,777	190,948	194,478	131,242	178,286
Supply from Blue River/Roberts Tunnel System in Acre-Feet	**75,984**	164,294	56,848	102,282	102,750	54,064	48,384	92,174	89,268	98,176
Supply from Moffat System in Acre-Feet	**59,344**	84,072	33,116	71,296	59,811	57,272	54,220	77,630	60,520	69,271
Treated Water Pumping Capacity in MGD[4]	**1,077.1**	1,077.1	1,070.6	1,052.5	1,052.5	1,052.5	1,027.5	1,027.5	1,027.5	1,116.8
Raw Water Pumping Capacity in MGD[4]	**92.2**	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD[4]	**715.0**	715.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0
Treated Water Reservoir Capacity in Million Gallons	**376.65**	376.65	406.45	378.45	378.75	378.75	371.75	400.5	408.2	408.2
Supply Mains in Miles (Mountain Collection System)	**77.6**	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	**40.7**	40.7	40.7	40.7	40.7	40.7	39.2	39.2	39.2	39.3
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	**2,608**	2,574	2,552	2,508	2,474	2,449	2,416	2,486	2,464	2,443
Nonpotable T&D Mains in Miles	**31.3**	23.5	17.6	17.3	17.3	16.4	15.6	15.6	14.7	14.6
Total Active Taps-End of Year[3]	**301,565**	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999
Fire Hydrants Operated & Maintained	**14,956**	14,648	14,380	14,173	13,991	13,681	13,136	13,575	13,298	13,005
Breaks in Mains - Denver	**219**	231	287	261	243	195	166	251	200	147
Service Leaks	**1,204**	1,117	1,034	794	907	663	779	591	648	548
Fire Hydrants Tested and Repaired	**32,045**	32,407	26,047	29,604	23,875	25,052	27,150	26,188	14,894	18,086
Total Employees	**1,037.9**	1,041.9	1,036.0	1,026.0	1,005.5	1,002.6	1,001.5	988.0	987.4	992.0

[1]Amounts expressed in thousands.

[2]Current and long-term portions of bonds payable, certificates of participation, and obligations under capital lease, net of discounts, premiums and deferred losses on advance refundings.

[3]Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield. Revised data through 2000 are interpolated from analysis of the 20(

[4]MGD = Million Gallons per Day.

[5]Supply includes effluent exchanges.

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

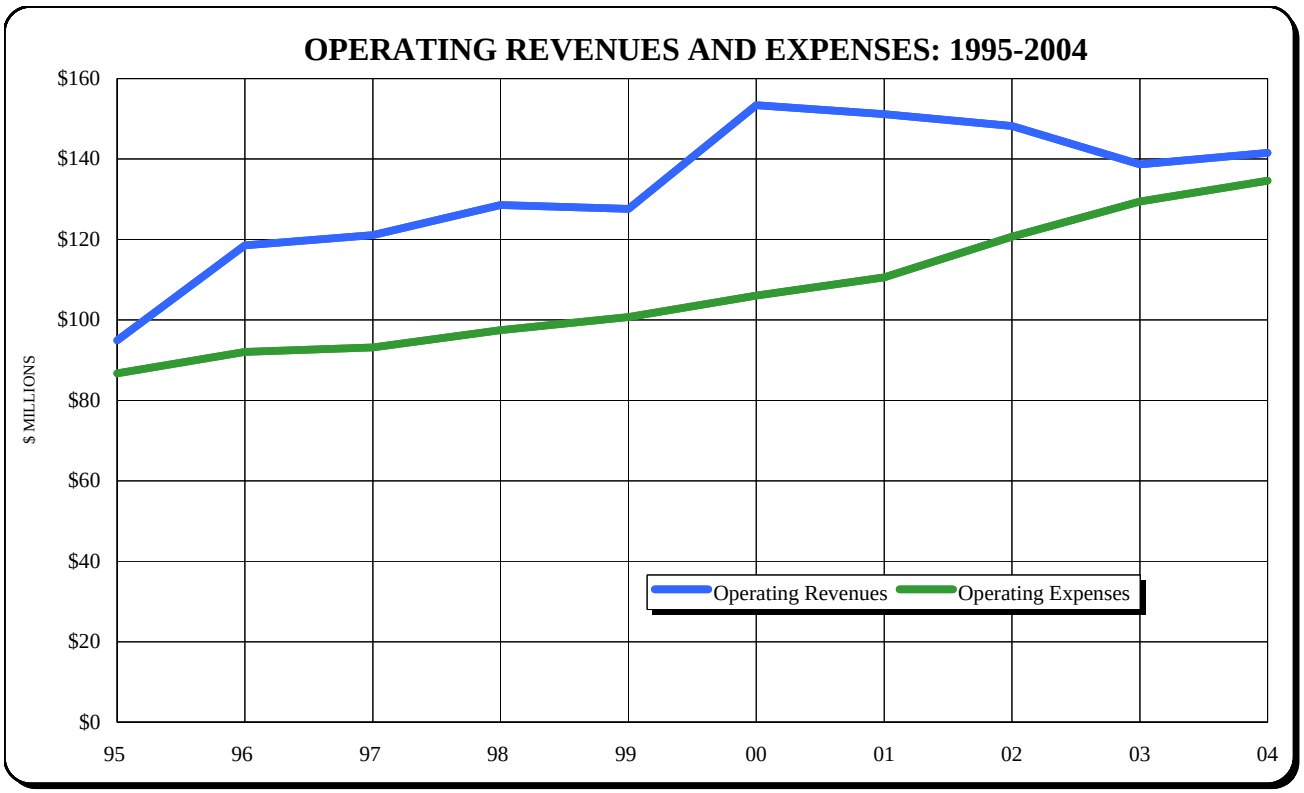
NET ASSETS BY CATEGORY: 1995 - 2004
(amounts expressed in thousands)

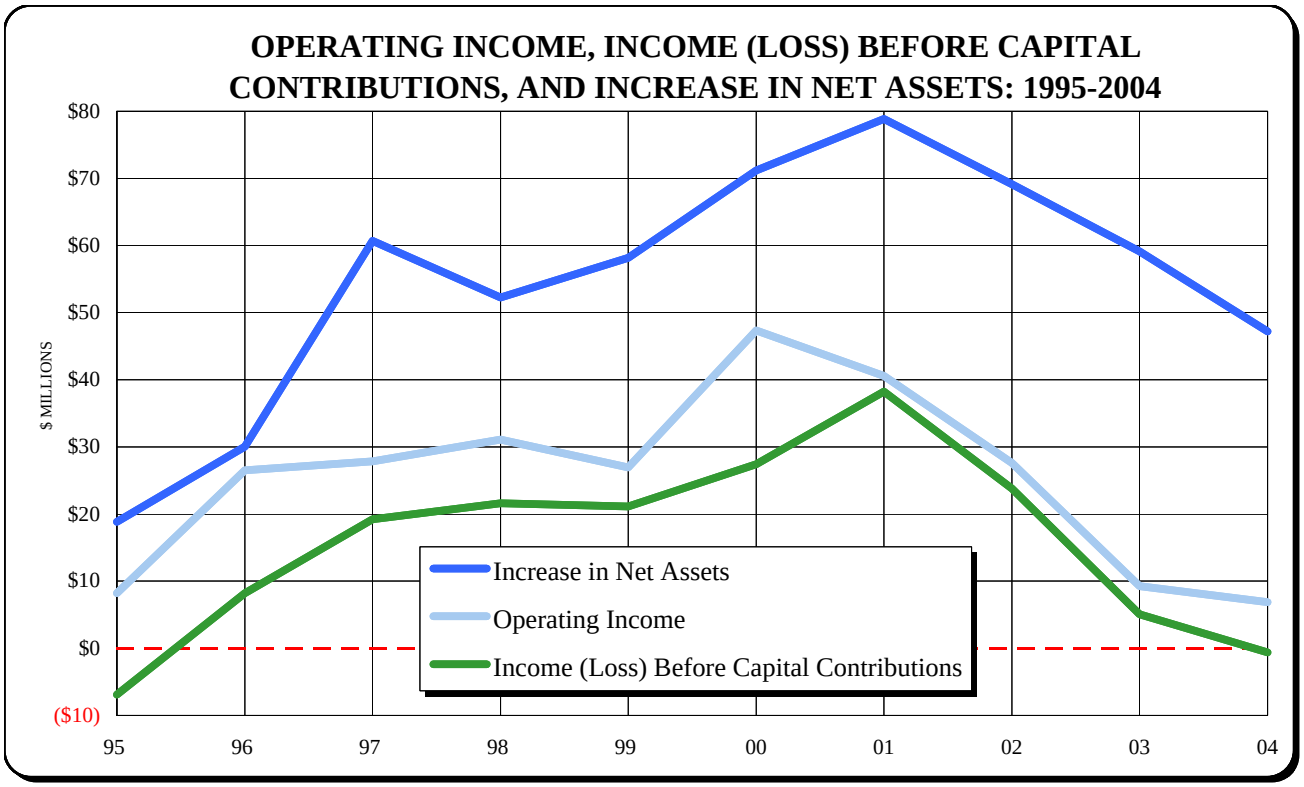
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
NET ASSETS:										
Invested in capital assets, net of related debt	1,111,654	1,070,437	$1,018,946	$ 911,326	$ 855,187	$ 788,216	$ 743,145	$ 664,287	$ 633,878	$ 619,347
Restricted for debt service reserve funds	7,002	9,325	6,904	6,917	5,692	5,685	41,237	28,878	6,109	6,699
Unrestricted	120,800	112,482	107,270	145,738	124,253	120,027	71,371	110,351	102,831	86,717
Total net assets	$1,239,456	$ 1,192,244	$1,133,120	$1,063,981	$ 985,132	$ 913,928	$ 855,753	$ 803,516	$ 742,818	$ 712,763

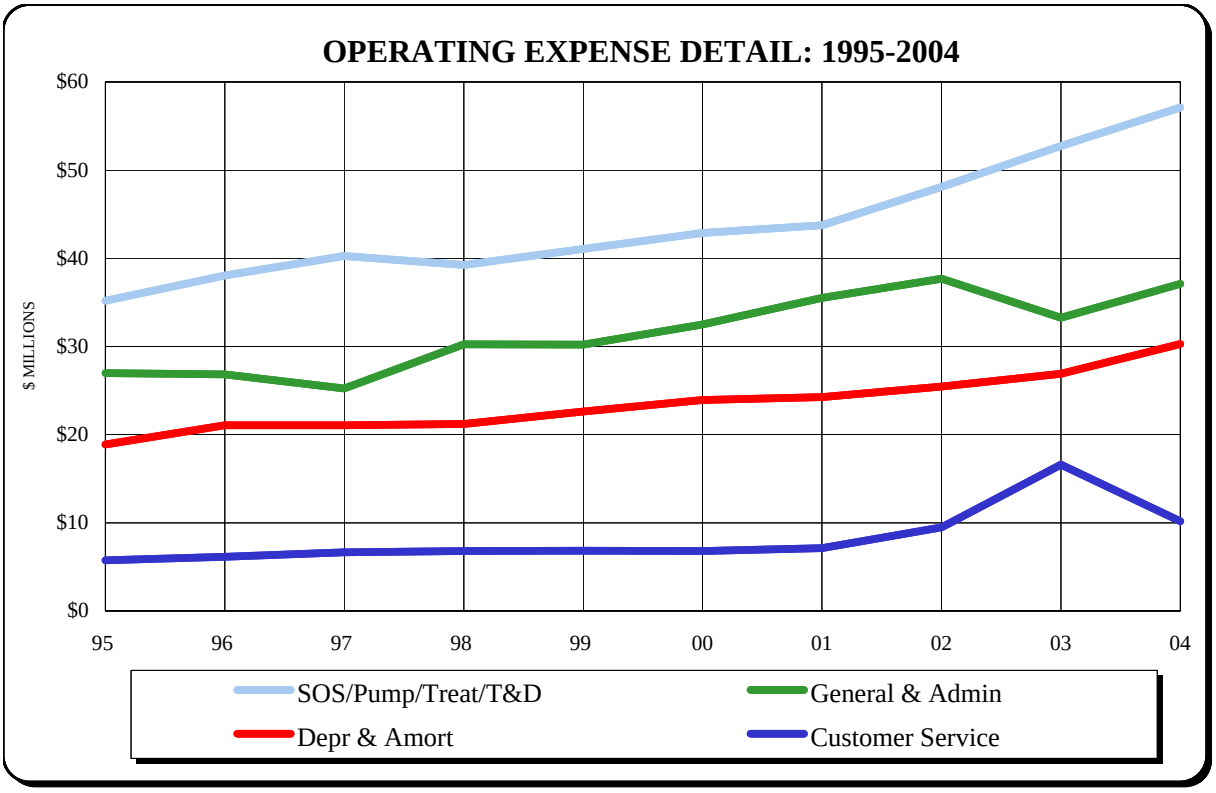
Note: Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

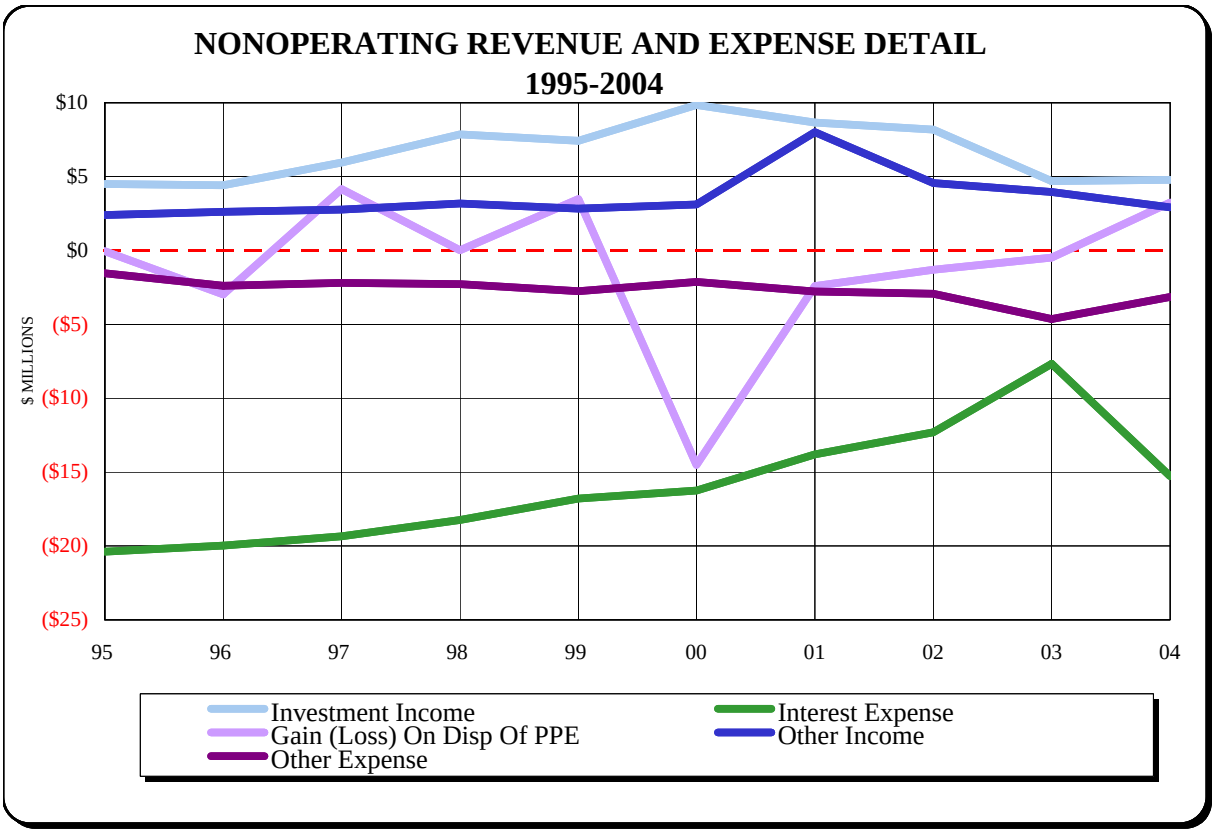
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS: 1995 - 200
(amounts expressed in thousands)

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
OPERATING REVENUES:										
Water	**$ 136,138**	$ 133,475	$ 142,887	$ 145,565	$ 148,919	$ 123,608	$ 124,810	$ 116,884	$ 114,635	$ 91,051
Power generation and othe	**5,370**	5,234	5,375	5,633	4,510	4,047	3,760	4,190	3,945	3,901
Total operating revenues	**141,508**	138,709	148,262	151,198	153,429	127,655	128,570	121,074	118,580	94,952
OPERATING EXPENSES:										
Source of supply, pumping, treatment an distribution	**57,091**	52,735	48,089	43,756	42,857	41,060	39,233	40,266	38,046	35,173
General and administrative	**37,104**	33,240	37,691	35,500	32,499	30,215	30,243	25,236	26,836	26,958
Depreciation and amortizatior	**30,268**	26,889	25,431	24,247	23,912	22,627	21,211	21,047	21,047	18,890
Customer service	**10,174**	16,601	9,459	7,115	6,798	6,817	6,802	6,653	6,143	5,721
Total operating expenses	**134,637**	129,465	120,670	110,618	106,066	100,719	97,489	93,202	92,072	86,742
OPERATING INCOME	**6,871**	9,244	27,592	40,580	47,363	26,936	31,081	27,872	26,508	8,210
NONOPERATING REVENUES (EXPENSES):										
Investment income	**4,777**	4,700	8,184	8,665	9,838	7,417	7,859	5,958	4,417	4,498
Interest expense, less capitalized interes	**(15,283)**	(7,684)	(12,315)	(13,811)	(16,249)	(16,800)	(18,241)	(19,350)	(19,979)	(20,383)
Gain (loss) on disposition of capital asset	**3,237**	(481)	(1,314)	(2,410)	(14,511)	3,479	13	4,158	(2,968)	(44)
Other income	**2,927**	3,949	4,565	8,003	3,117	2,841	3,184	2,762	2,607	2,390
Other expense	**(3,152)**	(4,641)	(2,938)	(2,770)	(2,122)	(2,756)	(2,285)	(2,202)	(2,392)	(1,554)
Total nonoperating expenses, ne	**(7,494)**	(4,157)	(3,818)	(2,323)	(19,927)	(5,819)	(9,470)	(8,674)	(18,315)	(15,093)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**(623)**	5,087	23,774	38,257	27,436	21,117	21,611	19,198	8,193	(6,883)
CAPITAL CONTRIBUTIONS:										
Contributions in aid of constructio	**11,374**	33,469	9,690	18,172	18,511	12,837	10,985	15,015	6,740	9,601
System development charge	**36,461**	20,568	35,675	22,420	25,257	24,221	19,641	26,485	15,122	16,138
Total capital contributions	**47,835**	54,037	45,365	40,592	43,768	37,058	30,626	41,500	21,862	25,739
INCREASE IN NET ASSETS	**47,212**	59,124	69,139	78,849	71,204	58,175	52,237	60,698	30,055	18,856
NET ASSETS:										
Beginning of yea	**1,192,244**	1,133,120	1,063,981	985,132	913,928	855,753	803,516	742,818	712,763	693,907
End of year	**$ 1,239,456**	$ 1,192,244	$ 1,133,120	$ 1,063,981	$ 985,132	$ 913,928	$ 855,753	$ 803,516	$ 742,818	$ 712,763


OPERATING REVENUES AND EXPENSES: 1995-2004
$160
$140
$120
$100
$80
$60
$40
$20
$0
$ MILLIONS
95
96
97
98
99
00
01
02
03
04
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET ASSETS: 1995-2004
$80
$70
$60
$50
$40
$30
$20
$10
$0
($10)
$ MILLIONS
95
96
97
98
99
00
01
02
03
04
Increase in Net Assets
Operating Income
Income (Loss) Before Capital Contributions


OPERATING EXPENSE DETAIL: 1995-2004
$ MILLIONS
$60
$50
$40
$30
$20
$10
$0
95
96
97
98
99
00
01
02
03
04
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
1995-2004
$ MILLIONS
$10
$5
$0
($5)
($10)
($15)
($20)
($25)
95
96
97
98
99
00
01
02
03
04
Investment Income
Interest Expense
Gain (Loss) On Disp Of PPE
Other Income
Other Expense

B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess Denver Water's primary revenue sources.

CUSTOMER SERVICE DATA: 1995 - 2004

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Active Taps:[1]										
Beginning of Year	**299,157**	295,841	286,051	282,985	278,374	274,938	271,338	268,676	265,820 [7]	268,506
Activated During Year	**2,736**	3,510	10,053 [6]	3,273	4,871	3,732	3,919	2,825	3,013	3,807
Discontinued During Year	**(328)**	(194)	(263)	(207)	(260)	(296)	(319)	(163)	(157)	(314)
Net Increase During Year	**2,408**	3,316	9,790	3,066	4,611	3,436	3,600	2,662	2,856	3,493
Total Active Taps - End of Year	**301,565**	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999
Active Taps[1]										
Inside City	**154,170**	152,783	150,607	149,054	147,590	145,585	143,740	142,341	141,727	140,993
City and County	**1,084**	1,076	1,065	1,071	1,058	1,055	1,019	1,018	1,020	1,023
Read and Bill	**35,043**	34,694	34,425	36,955	36,760	36,114	35,379	34,638	33,791	32,827
Total Service	**35,639**	35,502	35,209	31,974	31,442	30,965	30,575	29,892	29,425	29,090
Master Meter	**75,629**	75,102	74,535	66,997	66,135	64,655	64,225	63,449	62,713	68,066
Total Active Taps - End of Year	**301,565**	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999
Stub-Ins on System[2]	**2,887**	3,023	2,553	2,992	2,389	3,086	3,483	1,895	2,422	2,215
Fire Hydrant Use Permits	**472**	473	830	456	680	1,132	1,185	999	918	849
AMR (Automatic Meter Reading) Installations	**54,085**	71,737	56,499	30,359	298	-	-	-	-	-
Turn-Offs Due to Delinquent Accounts	**14,684**	12,776	11,586	10,293	9,045	7,920	7,992	8,650	9,317	9,329
In-Home Water Audits	**89**	12	60	98	1,155	1,092	1,751	1,637	1,343	1,403
Call Center Calls[3]	**253,716**	302,488	281,339	193,395	173,016	169,399	140,284	143,955	160,808	150,800
Water Quality Calls[4]										
Taste and Odor	**66**	90	125	78	220	148	530	91	-	-
Clarity	**221**	166	15	75	75	189	278	197	-	-
Hardness	**1**		1	-	1	69	70	68	-	-
Other	**22**	14	135	80	9	485	644	1,361	-	-
New Taps Made[5]	**3,537**	4,178	3,572	3,869	3,834	4,498	5,838	3,273	3,178	1,683

[1]Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[2]Stub-Ins are a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and are not considered a tap.

[3]Call Center Calls include calls offered, plus calls handled through the Interactive Voice Respone (IVR).

[4]Customer Service started taking Water Quality Calls in 1996. Information prior to 1996 is unavailable.

[5]Customer Service Field took over the duties of the Tapping Shop (Meter Shop) in 1995. Information prior to 1995 unavailable.

[6]Increase of 6,820 taps for Master Meter accounts within Willows Water District in 2002.

[7]Broomfield Taps (6,179), removed from Master Meter counts in 1996.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 1995 - 2004
(NON-ACCRUAL BASIS)[1]
(amounts expressed in thousands)

		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS:											
Residential -	Denver	**$ 25,519,691**	$ 24,591,998	$ 29,478,121	$ 29,973,238	$ 31,206,097	$ 25,721,031	$ 26,217,930	$ 24,787,546	$ 25,816,952	$ 20,905,422
	Outside City	**10,090,734**	10,407,779	12,489,117	13,616,982	14,392,333	11,820,501	11,810,046	11,099,563	11,031,225	8,742,477
	Total Service	**13,040,907**	13,466,257	15,849,049	14,562,075	14,958,586	12,293,114	12,571,560	11,737,956	12,043,827	9,758,180
Small multi-family	Denver	**2,437,967**	2,342,691	2,683,574	2,813,072	2,853,865	2,491,267	2,514,085	2,387,118	2,462,610	1,079,762
	Outside City	**166,063**	171,801	187,282	205,431	201,771	165,608	155,309	129,066	97,246	34,750
	Total Service	**297,355**	287,338	285,525	307,981	309,703	260,347	236,078	183,416	153,297	47,266
Commercial -	Denver	**20,384,807**	19,467,138	21,156,722	22,104,138	21,874,352	19,357,804	19,124,697	16,938,925	15,212,088	12,735,768
	Outside City	**5,115,882**	4,718,281	5,594,571	6,897,085	6,833,019	5,935,854	5,929,378	5,221,108	4,395,500	3,181,243
	Total Service	**5,147,372**	5,140,036	5,394,223	4,916,979	5,023,151	4,492,691	4,513,938	4,153,338	3,809,024	3,160,685
Industrial -	Denver	**1,450,023**	1,449,698	1,619,658	1,647,207	1,780,616	1,568,428	1,542,259	1,413,410	1,350,286	1,037,221
	Outside City	**1,648,020**	1,579,615	1,500,419	1,518,244	1,528,719	1,439,154	1,447,122	1,300,964	1,110,906	943,876
	Total Service	**124,443**	115,709	140,386	201,048	227,734	192,386	193,738	184,980	167,681	101,685
		85,423,264	83,738,341	96,378,647	98,763,480	101,189,946	85,738,185	86,256,140	79,537,390	77,650,642	61,728,335
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Denver	**667,781**	644,949	596,359	582,947	574,872	558,584	543,765	441,340	408,756	263,978
	Outside City	**39,001**	36,611	36,580	41,162	37,805	35,301	30,752	31,386	22,765	19,678
	Total Service	**50,214**	49,317	38,758	30,831	29,667	28,787	26,636	28,124	22,906	21,382
		756,996	730,877	671,697	654,940	642,344	622,672	601,153	500,850	454,427	305,038
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denve		**2,253,901**	2,208,368	2,820,502	3,698,215	3,770,708	2,992,239	2,918,542	3,048,469	3,634,796	2,092,559
Other County Agencies -	Denver	**586,182**	497,082	642,378	781,712	764,915	583,937	577,660	484,297	484,576	316,458
	Outside City	**368,173**	319,999	329,215	402,592	467,458	439,039	335,866	289,475	283,958	195,499
	Total Service	**496,975**	583,161	642,713	704,127	738,246	618,795	675,854	542,674	559,597	405,802
State Agencies -	Denver	**344,114**	351,249	347,615	298,329	476,313	295,397	287,694	246,687	229,565	184,788
	Outside City	**5,512**	5,230	6,904	8,347	7,758	8,114	6,782	6,189	6,469	5,037
	Total Service	**3,094**	3,039	3,649	14,026	15,730	11,724	18,061	10,473	11,112	8,722
Federal Agencies -	Denver	**184,598**	254,564	281,492	380,422	280,422	324,957	341,170	469,658	533,457	420,482
	Outside City at Denver Rate	**14,575**	6,382	11,090	13,049	20,270	205,670	361,114	284,425	358,105	287,236
	Outside City	**259,737**	255,645	321,690	402,590	351,910	318,390	317,890	273,743	239,257	234,105
	Total Service	**1,319**	1,168	1,148	1,352	2,010	1,046	1,194	1,053	967	993
		4,518,180	4,485,887	5,408,396	6,704,761	6,895,740	5,799,308	5,841,827	5,657,143	6,341,859	4,151,681
D. SALES OF TREATED WATER FOR RESALE		**30,981,437**	$ 30,984,592	32,718,696	34,153,280	33,834,278	27,629,990	27,499,365	26,474,222	26,008,965	21,018,611
E. HYDRANT & CONSTRUCTION WATER		**1,257,517**	853,249	878,856	1,247,334	1,034,272	412,724	293,572	106,621	75,950	66,068
TOTAL SALES OF TREATED WATER		**122,937,394**	120,792,946	136,056,292	141,523,795	143,596,580	120,202,879	120,492,057	112,276,226	110,531,843	87,269,733
SALES OF NON-POTABLE WATER		**4,366,827**	6,150,187	5,921,473	4,086,844	5,455,999	3,711,640	4,138,073	3,528,883	3,369,130	2,954,198
TOTAL SALES OF WATER		**$ 127,304,221**	$ 126,943,133	$ 141,977,765	$ 145,610,639	$ 149,052,579	$ 123,914,519	$ 124,630,130	$ 115,805,109	$ 113,900,973	$ 90,223,931

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this shedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immater

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 1995 - 2004
(amounts expressed in millions of gallons

SALES OF TREATED WATER		**2004**	2003	2002	2001	2000	1999	1998	1997	1996	1995
A. METERED GENERAL CUSTOMERS:											
Residential -	Denver	**12,142.33**	12,768.79	15,773.24	16,576.65	17,809.38	15,280.54	15,674.08	15,322.53	16,750.29	13,942.18
	Outside City	**3,996.52**	4,440.25	5,487.85	6,158.55	6,679.10	5,749.38	5,860.69	5,630.16	5,937.41	4,766.40
	Total Service	**4,269.15**	4,696.08	5,650.23	5,329.66	5,646.38	4,872.75	4,970.23	4,720.13	5,178.21	4,196.15
Small multi-family	Denver	**1,389.01**	1,468.99	1,746.86	1,868.58	1,975.65	1,779.86	1,786.63	1,757.11	1,839.26	779.10
	Outside City	**77.01**	84.23	94.44	103.21	102.52	89.72	83.66	68.34	56.22	19.81
	Total Service	**121.84**	121.22	124.84	136.81	138.11	121.99	109.65	84.82	75.24	21.32
Commercial -	Denver	**12,397.51**	12,721.74	13,949.05	15,123.48	15,538.52	14,531.58	14,379.09	14,179.27	14,062.17	13,615.35
	Outside City	**2,406.64**	2,454.93	2,959.56	3,763.38	3,753.75	3,273.55	3,255.53	3,132.92	3,062.85	2,439.16
	Total Service	**2,235.94**	2,318.86	2,440.23	2,289.03	2,325.89	2,092.74	2,097.08	2,045.38	2,134.34	1,827.51
Industrial -	Denver	**921.58**	966.22	1,114.42	1,153.68	1,308.87	1,212.05	1,180.79	1,207.82	1,277.35	1,173.24
	Outside City	**809.46**	837.59	824.19	852.25	868.76	819.55	803.82	793.00	787.51	759.16
	Total Service	**55.16**	52.65	65.47	94.90	106.98	91.26	91.25	92.04	95.17	59.40
		40,822.13	42,931.55	50,230.36	53,450.17	56,253.91	49,914.97	50,292.47	49,033.50	51,256.02	43,598.77
B. PRIVATE FIRE PROTECTION SERVICE											
C. SALES TO PUBLIC AUTHORITIES:											
City & County of Denver		**2,025.12**	1,930.82	2,562.22	3,166.66	3,289.90	2,696.17	2,835.41	3,063.30	3,763.35	2,580.80
Other County Agencies -	Denver	**341.25**	323.41	426.23	522.49	526.12	429.08	440.73	413.22	456.82	340.27
	Outside City	**174.33**	169.06	175.28	220.07	256.87	244.54	185.69	175.59	200.43	153.70
	Total Service	**216.84**	272.07	305.03	325.81	336.49	285.33	317.22	269.60	318.12	238.02
State Agencies -	Denver	**216.14**	232.20	235.00	197.44	344.09	222.45	220.02	211.14	216.56	204.84
	Outside City	**2.54**	2.73	3.59	4.53	4.26	4.47	3.75	3.76	4.57	4.00
	Total Service	**1.30**	1.36	1.68	6.50	7.11	5.39	8.45	5.16	6.28	5.13
Federal Agencies -	Denver	**127.77**	169.34	177.50	259.70	183.77	254.94	261.63	393.54	507.45	475.55
	Outside City at Denver Rates	**8.58**	11.96	6.84	9.23	14.40	165.60	277.55	242.51	340.76	330.45
	Outside City	**121.15**	133.56	172.08	221.16	194.35	176.70	176.43	166.71	169.46	186.44
	Total Service	**0.49**	0.52	0.52	0.62	0.93	0.48	0.53	0.48	0.52	0.58
		3,235.50	3,247.02	4,065.96	4,934.21	5,158.29	4,485.14	4,727.40	4,944.99	5,984.33	4,519.77
D. SALES OF TREATED WATER FOR RESALE		**15,415.57**	16,694.33	17,923.96	18,868.68	19,569.31	16,690.03	16,665.98	16,051.18	16,529.73	14,266.24
E. HYDRANT & CONSTRUCTION WATER		**238.56**	135.70	134.38	265.33	202.44	127.95	100.56	22.12	19.71	16.54
Temporary lease with Willows Wate		-	-	-	-	-	-	0.14	0.03	66.64	123.43
TOTAL SALES OF TREATED WATER		**59,711.75**	63,008.59	72,354.66	77,518.39	81,183.96	71,218.08	71,786.55	70,051.82	73,856.42	62,524.75

Reconciliation of Water Treated, Delivered, Consumption, Sales and Unaccounted For Water										
Total Water Treated (Production)--page III-7(	60,577.67	65,382.52	75,334.07	81,093.25	83,416.51	75,326.83	77,472.16	75,336.22	74,949.62	65,257.62
(Increase) Decrease in Clear Water Storage--page III-76	1.10	16.95	(112.89)	(41.83)	168.74	(94.82)	(5.51)	27.11	1,254.34	10.29
Total Treated Water Delivered--page III-1(	60,578.77	65,399.47	75,221.18	81,051.42	83,585.25	75,232.01	77,466.65	75,363.33	76,203.96	65,267.91
Water Purchased--page III-1(	-	-	-	3.30	-	-	8.83	-	-	-
Total Treated Water Available (Consumption)--page III-1(	60,578.77	65,399.47	75,221.18	81,054.72	83,585.25	75,232.01	77,475.48	75,363.33	76,203.96	65,267.91
Less Sales of Treated Water--page III-1(	(59,711.75)	(63,008.59)	(72,354.66)	(77,518.39)	(81,183.96)	(71,218.08)	(71,786.55)	(70,051.82)	(73,856.42)	(62,524.75)
Less Load Shifted Water--page III-1(	-	(635.45)	(260.57)	-	-	-	-	-	-	-
Unaccounted For Treated Water--page III-1(	867.02	1,755.43	2,605.95	3,536.34	2,401.29	4,013.93	5,688.94	5,311.51	2,347.54	2,743.16

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2004 (Page 1 of 2)
(NON-ACCRUAL BASIS)[1]

		Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Denver	$25,519,691	12,142,332	126,338	$ 2.1017
	Outside City	10,090,734	3,996,515	31,732	2.5249
	Total Service	13,040,907	4,269,146	31,718	3.0547
Small multi-family-	Denver	2,437,967	1,389,009	8,753	1.7552
	Outside City	166,063	77,006	359	2.1565
	Total Service	297,355	121,841	533	2.4405
Commercial -	Denver	20,384,807	12,397,505	14,948	1.6443
	Outside City	5,115,882	2,406,636	2,508	2.1257
	Total Service	5,147,372	2,235,938	2,909	2.3021
Industrial -	Denver	1,450,023	921,583	227	1.5734
	Outside City	1,648,020	809,455	7	2.0360
	Total Service	124,443	55,164	10	2.2559
		85,423,264	40,822,130	220,042	2.0926
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Denver	667,781	-[2]		
	Outside City	39,001	-[2]		
	Total Service	50,214	-[2]		
		756,996	-[2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		2,253,901	2,025,120	1,068	1.1130
Other County Agencies -	Denver	586,182	341,248	180	1.7178
	Outside City	368,173	174,332	68	2.1119
	Total Service	496,975	216,835	173	2.2920
State Agencies -	Denver	344,114	216,143	61	1.5921
	Outside City	5,512	2,538	2	2.1718
	Total Service	3,094	1,302	3	2.3763
Federal Agencies -	Denver	170,023	119,190	22	1.4265
	Outside City at Denver Rates	14,575	8,575	1	1.6997
	Outside City	274,312	129,726	5	2.1145
	Total Service	1,319	489	2	2.6973
		$ 4,518,180	3,235,498	1,585	$ 1.3964

[1] This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

[2] Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2004
(NON-ACCRUAL BASIS)

	Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[3]	$ 30,981,437	15,415,565	75,629	$ 2.0098
E. HYDRANT & CONSTRUCTION WATER	1,257,517	238,557	-	5.2713
TOTAL SALES OF TREATED WATER[4]	122,937,394	59,711,750	297,256	2.0588
II. SALES OF NON-POTABLE WATER[5]	4,366,827	8,904,023	31	0.4904
TOTAL SALES OF WATER	127,304,221	68,615,773	297,287	$ 1.8553
III. OTHER NON-POTABLE WATER DELIVERIES[5]		1,242,552		
TOTAL CONSUMPTION		69,858,325		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	160,218			
Strontia Springs	193,608			
Dillon Dam	265,340			
Roberts Tunnel	520,514			
Hillcrest	174,086			
Williams Fork	253,662			
	1,567,428			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,512,241			
Late Penalty Refunds	(458,736)			
Conservation Penalties	47,600			
Field Collection Charges	665,303			
Turnoff - Turn on Charges	778,091			
Drought Surcharges	14,993,848			
Drought Surcharge Credits	(5,926,487)			
Water Storage Rental	-			
Other Assessments	-			
Total	11,611,860			
TOTAL OTHER OPERATING REVENUE	13,179,288			
TOTAL OPERATING REVENUE	$ 140,483,509			

[3]See "Analysis of Sales of Treated Water for Resale."

[4]See "Analysis of Sales of Treated Water Between Denver and Outside City."

[5]See "Analysis of Sales of Non-Potable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2004
(NON-ACCRUAL BASIS)[1]

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. DENVER					
A. METERED GENERAL CUSTOMERS					
Residential	$25,519,691	20.76%	12,142,332	20.33%	126,338
Small multi-family	2,437,967	1.98%	1,389,009	2.33%	8,753
Commercial	20,384,807	16.58%	12,397,505	20.76%	14,948
Industrial	1,450,023	1.18%	921,583	1.54%	227
	49,792,488	40.50%	26,850,429	44.97%	150,266
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	667,781	0.54%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	2,253,901	1.83%	2,025,120	3.39%	1,068
Other County Agencies	586,182	0.48%	341,248	0.57%	180
State Agencies	344,114	0.28%	216,143	0.36%	61
Federal Agencies	170,023	0.14%	119,190	0.20%	22
	3,354,220	2.73%	2,701,701	4.52%	1,331
TOTAL SALES OF TREATED WATER - DENVER	53,814,489	43.77%	29,552,130	49.49%	151,597
Revenue per 1,000 Gallons - Denver			$1.8210		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	10,090,734	8.21%	3,996,515	6.69%	31,732
Small multi-family	166,063	0.14%	77,006	0.13%	359
Commercial	5,115,882	4.16%	2,406,636	4.03%	2,508
Industrial	1,648,020	1.34%	809,455	1.36%	7
Residential - Total Service	13,040,907	10.61%	4,269,146	7.15%	31,718
Small multi-family - Total Service	297,355	0.24%	121,841	0.20%	533
Commercial - Total Service	5,147,372	4.19%	2,235,938	3.74%	2,909
Industrial - Total Service	124,443	0.10%	55,164	0.09%	10
	$35,630,776	28.98%	13,971,701	23.40%	69,776

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

(Continued next page)

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2004
(NON-ACCRUAL BASIS)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 39,001	0.03%	- [2]		
Sprinklers - Total Service	50,214	0.04%	- [2]		
	89,215	0.07%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies	368,173	0.30%	174,332	0.29%	68
State Agencies	5,512	0.00%	2,538	0.00%	2
Federal Agencies	274,312	0.22%	129,726	0.22%	5
Federal Agencies at Denver Rates	14,575	0.01%	8,575	0.01%	1
County Agencies - Total Service	496,975	0.40%	216,835	0.36%	173
State Agencies - Total Service	3,094	0.00%	1,302	0.00%	3
Federal Agencies - Total Service	1,319	0.00%	489	0.00%	2
	1,163,960	0.95%	533,797	0.89%	254
D. SALES OF TREATED WATER FOR RESALE[3]	30,981,437	25.20%	15,415,565	25.82%	75,629
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	67,865,388	55.20%	29,921,063	50.11%	145,659
Revenue per 1,000 Gallons - Outside City			$2.2681		
III. HYDRANT & CONSTRUCTION WATER	1,257,517	1.02%	238,557	0.40%	-
TOTAL SALES OF TREATED WATER	$ 122,937,394	100.00%	59,711,750	100.00%	297,256
Revenue per 1,000 Gallons - Total			$2.0588		
UNACCOUNTED FOR WATER					
Total Treated Water Delivered			60,578,770		
Water Purchased			-		
Total Treated Water Available (Consumption)			60,578,770	100.00%	
Less Sales of Treated Water			(59,711,750)	(98.57)%	
Less Load Shifted Treated Water			-	-	
Unaccounted for[3]			867,020	01.43%	

[2] Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

[3] See "Analysis of Sales of Treated Water For Resale."

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2004[1]

		Total Accounts (Active Taps)[2]			On Accounts	
		12-31-04	12-31-03	Increase (Decrease)	12-31-04	12-31-03
METERED GENERAL CUSTOMERS						
Residential -	Denver	128,664	127,496	1,168	126,948	126,148
	Outside City	32,012	31,726	286	31,920	31,657
	Total Service	31,895	31,821	74	31,776	31,715
Small multi-family -	Denver	8,966	8,830	136	8,840	8,721
	Outside City	371	357	14	369	355
	Total Service	558	524	34	557	523
Commercial -	Denver	15,810	15,749	61	15,084	14,966
	Outside City	2,570	2,537	33	2,537	2,505
	Total Service	2,979	3,017	(38)	2,913	2,955
Industrial -	Denver	262	270	(8)	232	236
	Outside City	7	7	-	7	7
	Total Service	10	10	-	10	10
TOTAL METERED GENERAL CUSTOMERS		224,104	222,344	1,760	221,193	219,798
PUBLIC AUTHORITIES						
City & County of Denver		1,254	1,215	39	1,089	1,067
Other County Agencies -	Denver	185	186	(1)	179	177
	Outside City	71	55	16	70	54
	Total Service	188	121	67	177	116
State Agencies -	Denver	64	64	-	61	61
	Outside City	5	2	3	4	2
	Total Service	7	7	-	3	3
Federal Agencies -	Denver	49	49	-	26	29
	Outside City	7	10	(3)	7	9
	Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,832	1,711	121	1,618	1,520
RESALE ACCOUNTS (MASTER METER)[3]		75,629	75,102	527	75,629	75,102
TOTAL TREATED WATER CUSTOMERS		301,565	299,157	2,408	298,440	296,420

[1] Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

[2] Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[3] See "Analysis of Sales of Treated Water for Resale."

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 2004
(NON-ACCRUAL BASIS)[1]

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters[2]

	Revenue	Consumption (000 Gallons)	Estimated Number of Taps[3]
Alameda Water & Sanitation District	$ 145,038	63,605	364
Bancroft-Clover Water & Sanitation District	2,775,573	1,374,294	8,443
Bonvue Water & Sanitation District	35,121	17,435	166
Bow-Mar Water & Sanitation District	143,727	70,861	282
Cherry Creek Valley Water & Sanitation District	1,654,023	820,014	1,751
Cherry Creek Village Water & Sanitation District	261,677	130,103	472
Consolidated Mutual Water Company	4,919,449	2,459,968	14,717
Crestview Water & Sanitation District	1,295,854	646,851	4,516
City of Edgewater	373,049	185,377	1,483
City of Glendale	565,377	281,863	272
Green Mountain Water & Sanitation District	2,981,621	1,463,367	10,037
High View Water District	274,745	138,178	874
Ken-Caryl Water & Sanitation District	1,344,712	671,118	3,638
Lakehurst Water & Sanitation District	1,615,314	802,760	5,278
City of Lakewood	465,003	231,676	883
Meadowbrook Water & Sanitation District	325,500	161,250	1,212
North Pecos Water & Sanitation District	262,699	130,140	397
North Washington Street Water & Sanitation District	1,708,727	861,134	3,620
Northgate Water District	12,085	5,792	2
South Adams County Water & Sanitation District	160,406	79,709	160
Valley Water District	879,909	439,124	1,695
Wheat Ridge Water District	1,606,863	800,456	5,590
Willowbrook Water & Sanitation District	761,486	379,505	2,915
Willows Water District	1,482,196	739,906	6,862
Total Sales for Master Meter Distributors	26,050,154	12,954,486	75,629
City of Aurora	104,557	51,615	
City and County of Broomfield	2,416,436	1,206,980	
City of Thornton	1,368,951	684,040	
Chatfield South Water District	12,554	5,954	
Inverness Water District	91,881	45,528	
South Adams County Special Contract Area	936,904	466,962	
Total Sales for Other Contracts at Wholesale Rates	4,931,283	2,461,079	
Total Sales of Treated Water for Resale	$30,981,437	15,415,565	75,629

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

[2]Sales on Total Service or Read and Bill Contracts are not included.

[3]Estimated number of taps served behind Master Meters is based on survey analysis.

	Rate Per 1,000 Gallons		
	City of Denver Schedule 1	Outside City Total Service Schedule 2	Outside City Read and Bill Schedule 3
	(Effective for bills dated on or after Jan. 1, 2004)		
CONSUMPTION CHARGE (Bimonthly)			
Residential Customers:			
First 22,000 Gallons	$ 1.63	$ 2.54	$ 2.08
Next 38,000 Gallons	1.96	3.05	2.50
Over 60,000 gallons	2.45	3.81	3.12
Small Multi-Family:			
(Duplexes through five-plexes with a single meter)			
First 30,000 gallons[1]	1.44	2.14	1.89
Over 30,000 gallons	1.73	2.57	2.27
All Other Retail Customers:			
Winter	1.41	1.98	1.84
Summer	1.69	2.38	2.21
SERVICE CHARGE			
Monthly	$ 3.41	$ 3.41	$ 3.41
Bimonthly	4.91	4.91	4.91
PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)			
Fire Hydrants	$ 27.43	$ 15.03	$ 11.25
Sprinkler Systems and Standpipes:			
(Size of Connection)			
1"	7.45	4.08	3.06
2"	12.42	6.81	5.10
4"	19.20	10.52	7.88
6"	27.43	15.03	11.25
8"	48.00	26.30	19.69
10"	68.57	37.57	28.13
12"	109.71	60.11	45.01
16"	274.28	150.28	112.52

OUTSIDE CITY WHOLESALE RATE - Schedule 4	Rate per 1,000 gallons
Consumption Charge - all consumption	$ 2.00
Master Meter Maintenance	2.77
Service Charge - Not applicable for this rate schedule	

Applicability

Schedule 1: All licensees with metered service having the right to take and use water inside the territorial limits of the City and County of Denver.

Schedule 2: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the Board operates and maintains all of the systems used to supply the licensee in a manner to provide complete and total service similar to that furnished inside Denver.

Schedule 3: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the licensee in some manner operates and maintains portions of the system used to supply the licensee and the Board is responsible for billing each licensee on an individual basis.

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

	Raw Water Service	
	Denver	Outside City
RAW WATER SERVICE RATE - Schedule 5		
Consumption Charge per 1,000 gallons - all consumption	$ 0.47	$ 0.53
Consumption Charge per Acre Foot - all consumption	153.15	172.70
Service Charge - Not applicable for this rate schedule		

SYSTEM DEVELOPMENT CHARGES - Schedule 6 (Effective October 22, 2003)

	Treated Water Service	
Single Family Residential Taps[2]	Denver	Outside City
Base charge per residence	$ 1,500	$ 2,100
Charge per square foot of gross lot size	$ 0.34	$ 0.48
Multifamily Residential Taps[3]		
Base charge for duplex or first two household units (Served through a single tap)	$ 5,700	$ 7,950
Charge for each additional household unit above two units (Served through a single tap)	$ 1,250	$ 1,750

All Other Taps[4]	Treated Water Service		Raw Water Service	
Connection Size	Denver	Outside City	Denver	Outside City
3/4"	$ 4,200	$ 5,900	$ 2,600	$ 3,600
1"	12,600	17,700	7,800	10,800
1-1/2"	25,200	35,400	20,800	28,800
2"	37,800	53,100	33,800	46,800
3"	92,400	129,800	57,200	79,200
4"	163,800	230,100	85,800	118,800
6"	281,400	395,300	176,800	244,800
8"	378,000	531,000	228,800	316,800
10"	478,800	672,600	293,800	406,800
12"	583,800	820,100	418,600	579,600

	Treated Water Service		Raw Water Service	
Acre Foot Conversion ($/AF)	Denver	Outside City	Denver	Outside City
Inside Combined Service Area	$ 9,150	$ 12,825	$ 5,600	$ 7,825
Outside Combined Service Area		13,400		7,825

Applicability

Schedule 6: The System Development Charge applies to any applicant for a license to take water through the Denver system or a system deriving its supply from Denver. This charge is assessed upon application for a new tap and is due and payable prior to the issuance of a license to the customer.

[2]Licenses for 3/4 inch single family residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[3]Licenses for multifamily residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[4]Licenses for all other taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

WINTER SURCHARGE SCHEDULE

Not applicable. There were no winter surcharges in 2004.

SUMMER SURCHARGE SCHEDULE[1]
Effective for bills dated on or after June 1, 2004 (monthly) and July 31, 2004 (bimonthly)

Residential Customers	Threshold Amounts (Thousands of Gallons)				
	Single Family	Duplex	3-Plex	4-Plex	5-Plex
No surcharge	0-18	0-23	0-28	0-33	0-39
$0.80	19-22	24-30	29-42	34-54	40-66
$1.39	23-28	31-36	43-48	55-60	67-72
$2.05	29-34	37-42	49-54	61-66	73-78
$3.00	35-40	43-48	55-60	67-72	79-84
$4.41	41-46	49-54	61-66	73-78	85-90
$6.47	47-52	55-60	67-72	79-84	91-96
$9.50	53-60	61-80	73-103	85-136	97-200
$11.85	Over 60	Over 80	Over 103	Over 136	Over 200

All Other Retail Customers[2]:

70% or less of 2001 Consumption	No Surcharge
71-100% of 2001 Cons.	$ 3.11
Over 100% of 2001 Cons.	6.71

Outside City Wholesale:

70% or less of 2001 Consumption	No Surcharge
Over 70% of 2001 Cons.	$ 3.11

Non Potable Customers:

70% or less of 2001 Consumption	No Surcharge
Over 70% of 2001 Cons.	$ 0.78

Irrigation Only:

50% or less of 2001 Consumption	No Surcharge
51%-70% of 2001 Consumption	$ 3.11
71%-100% of 2001 Consumption	$ 4.57
Over 100% of 2001 Consumption	$ 6.71

Irrigation - High Public Use[3]:

70% or less of 2001 Consumption	No Surcharge
71%-100% of 2001 Consumption	$ 3.11
Over 100% of 2001 Consumption	$ 6.71

New Taps
A surcharge of 20% of the System Development Charge was added to new taps fees effective April 14, 2004. They ended August 30, 2004.

[1]Surcharges are in addition to consumption charges.

[2]The "All Other" class includes: Commercial, Industrial, Government, and Multifamily buildings over five units.

[3]High Public Use customers were given a target of 70% before a surcharge was applied. High Public Use customers included Parks, Schools, etc.

TREATED WATER RATES: 1995 - 2004 (Page 1 of 2)
Consumption Charge (Bimonthly)
Rate Per 1,000 Gallons

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
City of Denver - Schedule 1										
Residential Customers:										
First 22,000 Gallons	**$1.63**	$1.58	$1.53	$1.48	$1.43	$1.36	$1.36	$1.30	$1.25	$1.08
Over 22,000 Gallons (through 1998)							1.63	1.56	1.50	1.29
Over 22,000 through 38,000 Gallons (starting 1999)	**1.96**	1.90	1.84	1.78	1.72	1.63	0.0	-	-	-
Over 38,000 (starting 1999)	**2.45**	2.37	2.30	2.22	2.15	2.09	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter)										
First 30,000 gallons[1]	**1.44**	1.39	1.34	1.31	1.26	1.21	1.21	1.16	1.15	1.08
Over 30,000 gallons	**1.73**	1.67	1.61	1.57	1.51	1.45	1.45	1.39	1.38	1.29
All Other Retail Customers:										
Winter (starting 1999)	**1.41**	1.36	1.32	1.28	1.24	1.17	-	-	-	-
Summer (starting 1999)	**1.69**	1.63	1.58	1.54	1.49	1.40	-	-	-	-
All Consumption (through 1998)	**-**	-	-	-	-	-	1.30	1.16	1.05	0.86
Service Charge:										
Monthly	**3.41**	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]
Bimonthly	**4.91**	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]
Outside City Total Service - Schedule 2										
Residential Customers:										
First 22,000 Gallons	**2.54**	2.41	2.33	2.26	2.19	2.11	2.17	2.13	1.56	1.91
Over 22,000 Gallons (through 1998)	**-**	-	-	-	-	-	2.60	2.56	1.87	2.28
Over 22,000 through 38,000 Gallons (starting 1999)	**3.05**	2.89	2.80	2.71	2.63	2.54	-	-	-	-
Over 38,000 (starting 1999)	**3.81**	3.62	3.50	3.39	3.29	3.09	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter)										
First 30,000 gallons[1]	**2.14**	2.14	2.06	2.01	2.01	1.90	1.90	1.90	1.51	1.91
Over 30,000 gallons	**2.57**	2.57	2.47	2.41	2.41	2.28	2.28	2.28	1.81	2.28
All Other Retail Customers:										
Winter (starting 1999)	**1.98**	1.96	1.89	1.88	1.88	1.88	-	-	-	-
Summer (starting 1999)	**2.38**	2.35	2.27	2.26	2.26	2.26	-	-	-	-
All Consumption (through 1998)	**-**	-	-	-	-	-	2.12	2.00	1.41	1.66
Service Charge:										
Monthly	**3.41**	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]
Bimonthly	**4.91**	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]

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TREATED WATER RATES: 1995 - 2004 (Page 2 of 2)
Consumption Charge (Bimonthly)
Rate Per 1,000 Gallons

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Outside City Read and Bill - Schedule 3										
Residential Customers:										
First 22,000 Gallons	**$2.08**	$1.97	$1.90	$1.82	$1.77	$1.69	$1.70	$1.66	$1.99	$1.45
Over 22,000 Gallons (through 1998)	**-**	-	-	-	-	-	2.04	1.99	2.38	1.75
Over 22,000 through 38,000 Gallons (starting 1999)	**2.50**	2.36	2.28	2.18	2.12	2.03	-	-	-	-
Over 38,000 (starting 1999)	**3.12**	2.96	2.85	2.73	2.66	2.51	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter)										
First 30,000 gallons[1]	**1.89**	1.83	1.77	1.77	1.76	1.63	1.63	1.61	1.82	1.45
Over 30,000 gallons	**2.27**	2.20	2.12	2.12	2.11	1.96	1.96	1.93	2.18	1.75
All Other Retail Customers:										
Winter (starting 1999)	**1.84**	1.70	1.65	1.61	1.59	1.59	-	-	-	-
Summer (starting 1999)	**2.21**	2.04	1.98	1.93	1.91	1.91	-	-	-	-
All Consumption (through 1998)		-	-	-	-	-	1.80	1.64	1.75	1.24
Service Charge:										
Monthly	**3.41**	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]
Bimonthly	**4.91**	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]
Outside City Wholesale Rate - Schedule 4										
Consumption Charge - all consumption	**2.00**	1.89	1.83	1.81	1.74	1.66	1.65	1.65	1.57	1.30/1.62[3]
Master Meter Maintenance	**2.77**	2.56	2.47	-	-	-	-	-	-	-
Service Charge - Not applicable for this rate schedule										

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

[2]Prior to 1996, service charges varied with meter size.

[3]Prior to 1996, consumption charge had two tiers, 1) January-April and October-December, and 2) May-September.

ANALYSIS OF SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2004
(NON-ACCRUAL BASIS)[1]

	Revenue		Consumption			Revenue
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
DENVER						
Raw Water Sales:						
City & County of Denver Agencies	$ 39,476	0.90%	232,214	2.61%	1	$ 0.1700
Xcel Energy	343,669	7.87%	731,207	8.21%	1	0.4700
All Other	68,109	1.56%	143,809	1.62%	5	0.4736
	451,254	10.33%	1,107,230	12.44%	7	0.4076
Effluent Sales:						
All Other	639	0.01%	1,206	0.01%	1	0.5299
Recycle Sales:						
City & County of Denver Agencies	28,108	0.64%	69,484	0.78%	1	0.4045
All Other	24,972	0.57%	39,638	0.45%	1	0.6300
Minimum Contract:						
All Other	-	-	-	-	-	-
Total Denver	504,973	11.56%	1,217,558	13.67%	10	0.4147
OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales:						
All Other	8,296	0.19%	59,273	0.67%	1	0.1400
Eff;uent Sales:						
All Other	-	-	-	-	-	-
Recycle Sales:						
Xcel Energy	465,063	10.65%	750,266	8.43%	-	0.6199
Minimum Contract Payments:[2]						
All Other	15,775	0.36%	32,194	0.36%	1	0.4900
Total Outside City, Within Combined Service Area	489,134	11.20%	841,733	9.45%	2	0.5811
OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale:						
City of Arvada	2,073,987	47.49%	4,118,372	46.25%	1	0.5036
North Table Mountain	297,374	6.81%	590,880	6.64%	1	0.5033
	2,371,361	54.30%	4,709,252	52.89%	2	0.5036
Raw Water Sales:						
East Cherry Creek Valley W&S District	119,854	2.74%	226,141	2.54%	1	0.5300
Centennial Water & Sanitation District	124,516	2.85%	234,938	2.64%	1	0.5300
Consolidated Mutual Water	60,445	1.38%	114,048	1.28%	1	0.5300
U. S. Department of Energy	27,329	0.63%	55,803	0.63%	1	0.4897
City of Westminster	290,405	6.65%	553,295	6.21%	1	0.5249
Xcel Energy	343,423	7.86%	885,012	9.94%	-	0.3880
All Other	33,378	0.76%	62,202	0.70%	9	0.5366
	999,350	22.89%	2,131,439	23.94%	14	0.4689
Effluent Sales:						
All Other	1,690	0.04%	3,389	0.04%	2	0.4987
Minimum Contract Payments:[2]						
All Other	319	0.01%	652	0.01%	1	0.4893
	319	0.01%	652	0.01%	1	0.4893
Total Outside Combined Service Area	3,372,720	77.24%	6,844,732	76.87%	19	0.4927
TOTAL SALES OF NON-POTABLE WATER	$ 4,366,827	100.00%	8,904,023	100.00%	31	$ 0.4904
OTHER NON-POTABLE WATER DELIVERIES						
City Ditch at Washington Park			560,501			
City of Englewood (Cabin-Meadow Exchange)			682,051			
Total Other Non-Potable Water Deliveries			1,242,552			
TOTAL NON-POTABLE WATER DELIVERIES			10,146,575			

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

[2]Effective for 1997, non-potable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of non-potable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

[3]If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

25 LARGEST CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2004 (NON-ACCRUAL BASIS)[1]

Account Type	Consumption (000 Gallons)	Water Revenue
Multi-location petroleum retailer	433,096	$ 876,857
Pubic Utility	355,492	687,712
School System	267,833	456,420
Housing Authority	169,573	273,250
Beverage Company	163,553	257,381
Retail Grocer	146,879	245,372
Public Recreation Agency	146,755	325,449
Federal Government	142,299	288,483
Manufacturer	123,695	253,088
Medical Center	120,327	196,071
Medical Center	120,204	207,274
Homeowners Association	112,119	191,682
Homeowners Association	107,031	175,678
Public Utility	101,654	201,107
School System	101,263	174,316
Manufacturer	100,413	151,775
Property Management	95,919	159,982
Beverage Company	95,025	149,359
School System	78,327	170,459
Homeowners Association	72,839	116,584
Medical Center	71,815	116,279
Homeowners Association	67,323	105,833
Retail Grocer	63,402	112,211
Public Utility	60,313	124,703
Food Company	58,783	101,200
Total - 25 Largest Customers	3,375,932	$ 6,118,524
Total Sales of Treated Water	59,711,750	$ 122,937,394
Percent of 25 Largest Customers to Total Sales of Treated Water	5.65%	4.98%

[1]This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 1,905,206 (000 gallons) of treated water to the City and County of Denver. Revenues from these sales were $2,132,773.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2004

(Cash basis - net of refunds)

	System Development Charges	Participation Receipts
2004	$ 24,833,961	$ 2,228,550
2003	19,614,948	2,831,285
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	$482,991,441	$120,829,526

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 1995 - 2004
(amounts expressed in thousands, except debt per capita)

Year	Total Outstanding Debt by Type[1]					Gross Revenues[2]	Ratio of Total Debt to Gross Revenue[1]	Estimated Population Served[3]	Total Debt Per Capita[1]
	General Obligation Bonds	Water Revenue Bonds	Certificates of Participation	Capital Lease	Total				
1995	$ 250,838	-	$ 58,230	$ 35,706	$ 344,774	$ 120,554	2.86	949,000	$ 363
1996	246,472	-	56,195	35,106	337,773	145,372	2.32	966,000	350
1997	243,205	-	54,025	34,465	331,695	168,479	1.97	980,000	338
1998	216,020	-	53,865	33,780	303,665	163,242	1.86	996,000	305
1999	213,795	-	51,115	33,048	297,958	173,466	1.72	1,012,000	294
2000	211,745	-	48,245	32,265	292,255	205,003	1.43	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,298	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,089	1.50	1,076,000	278
2003	156,345	127,155	59,160	29,581	372,241	174,727	2.13	1,081,000	344
2004	117,375	164,365	54,555	28,561	364,856	193,714	1.88	1,104,000	330

[1]Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

TOTAL DEBT SERVICE COVERAGE: 1995 - 2004

General Obligation Bonds, Water Revenue Bonds, Obligation under Capital Lease, and Certificates of Participation[1]
(amounts expressed in thousands)

Fiscal Year	Gross Revenues[2]	Less Operating Expenses[3]	Net Available Revenue	Total Debt Service[1]			Coverage[4]
				Principal	Interest	Total	
1995	$ 120,554	$ 67,748	$ 52,806	$ 20,517	$ 20,047	$ 40,564	1.30
1996	145,372	74,545	70,827	23,976	18,986	42,962	1.65
1997	168,479	72,489	95,990	25,608	18,686	44,294	2.17
1998	163,242	76,554	86,688	30,840	17,518	48,358	1.79
1999	173,466	78,817	94,649	20,237	16,433	36,670	2.58
2000	205,003	96,836	108,167	18,402	16,376	34,778	3.11
2001	203,298	89,475	113,823	15,841	15,367	31,208	3.65
2002	200,089	97,214	102,875	16,763	15,760	32,523	3.16
2003	174,727	102,288	72,439	17,345	16,333	33,678	2.15
2004	193,714	105,287	88,427	19,535	18,610	38,145	2.32

[1]Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, certificates of participation and capital lease have been treated as debt. All bonded debt is secured by revenue.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Operating Expenses are defined as operating expenses plus loss on disposition of capital assets plus other expense minus depreciation and amortization.

[4]All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds covenant is 1.25.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 1995 - 2004
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
1995	$ 250,838	$ 120,554	2.08	949,000	$ 264
1996	246,472	145,372	1.70	966,000	255
1997	243,205	168,479	1.44	980,000	248
1998	216,020	163,242	1.32	996,000	217
1999	213,795	173,466	1.23	1,012,000	211
2000	211,745	205,003	1.03	1,036,000	204
2001	208,140	203,298	1.02	1,052,000	198
2002	205,480	200,089	1.03	1,076,000	191
2003	156,345	174,727	0.89	1,081,000	145
2004	117,375	193,714	0.61	1,104,000	106

[1]Details regarding outstanding debt can be found in the notes to the financial statements.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

The following is selected information concerning the economic and demographic conditions in the City and County of Denver ("Denver" or the "City") and the immediate vicinity. Prior to 2004, Denver was the population center for a statistical area defined by the federal Office of Management and Budget ("OMB") as the Denver Metropolitan Statistical Area (the "Denver MSA") and comprising the counties of Adams, Arapahoe, Broomfield (formerly the City of Broomfield), Denver, Douglas and Jefferson. In June 2003, the OMB updated its statistical area definitions based on new standards and the results of the 2000 Census. The general concept of a metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan statistical areas comprise one or more entire counties. Following this definitional change, the City is now within the newly-created Denver-Aurora Metropolitan Statistical Area (the "Denver-Aurora MSA"), comprising the former Denver MSA and the counties of Clear Creek, Elbert, Gilpin and Park. The following provides information for the area comprising the Denver-Aurora MSA unless otherwise stated.

Population

The following table sets forth population statistics for the City, the Denver-Aurora MSA and the State of Colorado (the "State"). Population estimates for 2004 are not yet available.

Population Estimates

Year	Denver	Denver - Aurora MSA	State of Colorado	Denver Water Service Area
1960	493,887	868,943	1,753,947	612,000
1970	514,678	1,118,563	2,209,596	768,000
1980	492,694	1,450,768	2,889,735	846,000
1990	467,610	1,666,883	3,294,473	891,000
2000	555,782	2,179,319	4,301,997	1,036,000
2001	560,365	2,247,319	4,446,529	1,052,000
2002	560,882	2,288,616	4,521,484	1,076,000
2003	566,173	2,323,494	4,586,455	1,081,000
2004	n/a	n/a	n/a	1,104,000

Source: Colorado Department of Local Affairs, Division of Local Government, Demographic Section

Income

The following tables set forth median household effective buying income ("EBI") for Denver, the Denver-Aurora MSA, the State and the United States for the past five years. EBI is defined as money income less personal tax and non-tax payments, resulting in a figure often referred to as "disposable" or "after-tax" income. EBI for 2002 through 2004 is computed as a derivative of household income, with the correspondence between before-tax and after-tax income based on a three-year combination of Current Population Survey data. Income and all income-related fields for 2000 and 2001 are benchmarked to the 1990 Census.

Median Household Effective Buying Income

As of January 1	Denver	Denver-Aurora MSA	State of Colorado	United States
2000	$30,572	$41,581	$37,335	$37,234
2001	32,877	44,312	39,742	39,130
2002	42,540	49,109	44,050	38,365
2003	37,261	46,878	43,510	38,035
2004	37,383	47,275	43,544	38,201

Source: Trade Dimensions International, Inc., *Demographics USA*© *- County Edition, 2000-2004*

The following table sets forth recent annual per capita personal income levels of the City, the Denver-Aurora MSA, the State and the United States.

Per Capita Personal Income in Current Dollars[1]

Year	Denver	Denver-Aurora MSA	State of Colorado	United States
1998	$33,005	$32,221	$28,784	$26,883
1999	35,068	34,230	30,492	27,939
2000	39,153	37,852	33,370	29,845
2001	40,343	38,651	34,491	30,575
2002	40,448	38,008	34,228	30,804
2003	Not available		34,561	31,472
2004	Not available		36,063	32,937

[1]The Denver and Denver-Aurora MSA figures are as of May 2004, and the Colorado and United States figures are as of March 2005.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Employment

The following tables set forth the number of individuals employed within selected industries covered by unemployment insurance in the Denver MSA for the period 1996 through 2003. Annual data for 2004 is not yet available.

Beginning in 2001, such data has been published only under the North American Industrial Classification System ("NAICS") codes and is not directly comparable to prior year data, which was classified by the Standard Industrial Classification System ("SIC") codes. A "D" in the tables indicates information that has been disclosure suppressed due to either (i) there being fewer than three reporting units for that industry or (ii) a single establishment accounts for at least 80% of an industry's employment.

Average Number of Employees within Selected Industries in the Denver MSA Subject to State Unemployment Laws - SIC Classifications

Industry	1996	1997	1998	1999	2000
Agriculture, Forestry and Fisheries	8,585	9,302	10,206	11,273	12,215
Mining	6,840	6,895	6,756	5,949	5,749
Construction	57,402	61,474	68,691	77,980	87,748
Manufacturing	89,631	92,675	93,005	90,413	90,485
Transportation, Communication and Public Utilities	81,492	82,947	89,288	97,023	99,095
Wholesale Trade	66,929	69,762	70,441	71,243	74,137
Retail Trade	181,408	186,866	190,165	198,268	204,633
Finance, Insurance and Real Estate	75,426	80,760	86,356	88,604	89,442
Services	289,520	308,276	322,162	335,349	351,896
Government	138,884	141,574	144,346	146,703	149,953
Nonclassifiable	62	58	47	25	21
Total	**996,179**	**1,040,589**	**1,081,463**	**1,122,830**	**1,165,374**

Source: Colorado Department of Labor and Employment

Average Number of Employees within Selected Industries in the Denver MSA Subject to State Unemployment Laws - NAICS Classifications

Industry	2001	2002	2003
Agriculture, Forestry, Fishing, Hunting	2,151	2,024	1,855
Mining	5,261	5,127	4,977
Utilities	3,752	3,758	3,588
Construction	90,603	86,775	79,659
Manufacturing	78,108	74,956	70,821
Wholesale Trade	68,124	65,068	62,673
Retail Trade	120,285	122,675	120,298
Transportation and Warehousing	46,787	44,090	43,112
Information	67,300	60,094	54,470
Finance and Insurance	69,011	68,357	69,124
Real Estate, Rental and Leasing	26,037	25,830	26,095
Professional and Technical Services	89,819	86,505	83,527
Management of Companies and Enterprises	12,998	14,889	16,167
Administrative and Waste Services	85,584	79,912	77,318
Educational Services	13,540	13,976	14,320
Health Care and Social Assistance	91,730	94,987	97,297
Arts, Entertainment and Recreation	14,672	15,014	15,006
Accommodation and Food Services	92,467	94,076	93,785
Other Services	35,558	36,027	35,276
Nonclassifiable	27	23	23
Government	153,826	160,443	160,755
Total	**1,167,640**	**1,154,606**	**1,130,147**

Source: Colorado Department of Labor and Employment

The following table sets forth recent total labor force and unemployment statistics for the Denver-Aurora MSA and the State.

Civilian Labor Force Averages
(Labor force expressed in thousands and not seasonally adjusted)[1]

	Denver				Denver-Aurora MSA				State of Colorado		
Year	Labor Force	Percent Change	Percent Unemployed		Labor Force	Percent Change	Percent Unemployed		Labor Force	Percent Change	Percent Unemployed
2000	298.8	--	2.8%		1,235.9	--	2.2%		2,359.3	--	2.6%
2001	290.4	(2.8)%	4.7		1,247.8	1.0%	3.7		2,394.9	1.5%	3.9
2002	294.2	1.3	7.2		1,263.5	1.3	6.0		2,443.3	2.0	5.9
2003	303.1	3.0	7.6		1,287.8	1.9	6.4		2,479.8	1.5	6.2
2004	308.9	1.9	6.7		1,313.2	2.0	5.6		2,522.2	1.7	5.5

[1]Data as of April 8, 2005.

Source: U. S. Department of Labor, Bureau of Labor Statistics

Set forth in the following table are major private sector (non-tax supported) employers in the Denver metropolitan area. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the area. It is possible that there are other large employers in the area that are not included in the table.

20 Largest Private Sector Employers in the Denver Metropolitan Area
(August 2004)

Company	Business	Employment
Qwest Communications International	Telecommunications	13,200
HCA-HealthONE, LLC	Health care services	8,600
King Soopers Inc.	Grocery retail	7,800
Lockheed Martin	Aerospace	7,700
United Airlines	Airline	6,600
Centura Health	Health care	6,100
IBM	Data processing	5,800
Wal-Mart Stores, Inc.	General merchandise retail	5,600
Exempla Healthcare	Health care	5,300
Kaiser Permanente	Health care	4,100
EchoStar Communications Corp.	Satellite television	4,000
Coors Brewing Co.	Beverage manufacturer	3,300
Safeway, Inc.	Grocery retail	3,200
University of Denver	Education	3,000
United Parcel Service	Transportation services	2,900
University of Colorado Hospital	Health care services	2,900
Sun Microsystems	Network computer services	2,800
Target Corporation	General merchandise retail	2,700
Storage Technology Corp.	Computer software devices	2,600
First Data Corporation	Payment systems	2,600

Source: Metro Denver Economic Development Corporation; compiled from various business lists by Development Research Partners

Construction

Set forth in the following tables are recent building permit statistics for new structures in the City and the Denver MSA.

Building Permit Activity in Denver - New Structures

	Residential[1]		Other	
Year	Permits[2]	Value (000's)	Permits	Value (000's)
2000	3,907	$332,601	1,146	$183,287
2001	1,474	364,732	926	166,556
2002	2,049	380,986	1,374	175,390
2003	1,846	358,601	1,371	111,833
2004	2,131	475,496	1,283	129,804

[1] Includes single family and two family dwellings, apartment buildings, hotels and motels.

[2] Number of permits issued, which is not equivalent to the number of units.

Source: City of Denver Building Department

Building Permit Activity in the Denver MSA

	Residential		Commercial		Industrial		Public/Nonprofit	
Year	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)
1999	18,529	$2,679,714	1,234	$ 916,644	68	$ 51,141	30	$ 29,297
2000	16,669	2,717,011	1,032	840,024	55	27,750	42	102,742
2001	15,619	2,678,762	898	1,058,256	140	85,555	44	91,811
2002	15,451	2,701,325	886	562,694	176	144,133	111	90,987
2003	15,255	2,252,047	534	415,136	108	70,756	48	53,021
2004	Not Available							

Source: Metro Denver Economic Development Corporation

New Residential Units in Denver and the Denver MSA

	Denver					Denver MSA			
Year	Single Family	Two Family	Multi-Family	Total Units		Single Family	Two Family	Multi-Family	Total Units
1999	2,171	49	250	2,470		18,080	157	4,563	22,800
2000	1,544	255	1,053	2,852		14,074	2,691	8,996	25,761
2001	1,106	1,148	1,810	4,064		12,896	4,066	8,405	25,367
2002	1,475	1,244	1,336	4,055		12,549	4,022	4,085	20,656
2003	1,482	1,035	987	3,504		11,369	3,149	1,832	16,350
2004	1,419	1,087	1,174	3,680		12,736	4,315	2,319	19,370

Source: Home Builders Association of Metropolitan Denver

Foreclosure Activity

The following table sets forth recent foreclosures filed in the Denver-Aurora MSA.

Foreclosures Filed in the Denver-Aurora MSA

County	2000	2001	2002	2003	2004
Adams	727	799	1,313	1,899	2,499
Arapahoe	799	1,000	1,575	2,250	3,125
Broomfield[1]	--	3	73	110	132
Clear Creek	32	41	44	59	59
Denver	924	1,120	1,742	2,500	3,359
Douglas	212	270	415	652	800
Elbert	79	72	124	151	126
Gilpin	15	32	31	35	52
Jefferson	656	731	1,130	1,532	1,880
Park	64	92	147	139	155
Totals	**3,508**	**4,160**	**6,594**	**9,327**	**12,187**
Annual change	**--**	**18.6%**	**58.5%**	**41.4%**	**30.7%**

[1] The City of Broomfield became the City and County of Broomfield effective in the fall of 2001. The former City of Broomfield encompassed portions of the counties of Adams, Boulder, Jefferson and Weld.

Source: County Public Trustees' Offices

E - OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in Denver Water's financial report relates to the services it provides and the activities it performs.

EMPLOYEES BY DIVISION: 1995 - 2004

Divisions/Sections	**2004**	2003	2002	2001	2000	1999	1998	1997	1996	1995
Manager & Staff Division										
Manager and Staff	**14.0**	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0	13.0
Information Technology	**59.8**	61.8	57.8	53.8	48.0	46.8	43.8	-	-	-
Human Resources	**27.8**	27.8	27.0	25.0	25.0	25.0	22.0	23.0	18.0	17.0
	101.6	102.6	97.8	91.8	86.0	84.8	79.8	37.0	32.0	30.0
Public Affairs Division										
Director of Public Affairs	**7.0**	7.0	7.0	7.0	7.0	8.0	8.0	8.0	7.0	9.0
Community Relations	**4.0**	5.2	4.7	4.7	4.5	4.8	4.2	4.6	3.5	4.0
Conservation	**12.0**	12.0	10.0	7.0	6.0	7.0	7.0	6.0	7.0	6.0
Print Shop[1]	-	-	3.0	4.0	4.0	3.0	2.0	2.0	-	-
Central Services	**3.0**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-	-
Customer Services - Office	**36.0**	35.0	28.0	25.5	24.0	24.0	24.0	24.0	25.0	27.0
Customer Services - Field	**71.0**	75.0	83.0	87.0	84.0	89.0	88.0	85.0	86.0	84.0
Sales Administration	**10.6**	10.6	10.6	13.6	12.6	15.6	17.6	18.6	18.6	16.0
	143.6	147.8	149.3	151.8	145.1	154.4	153.8	151.2	147.1	146.0
Legal Division	**13.5**	12.5	13.5	13.5	13.5	11.5	13.5	12.4	12.8	12.0
Finance Division										
Director of Finance	**9.0**	9.0	9.0	7.0	8.0	8.0	7.0	8.0	6.0	6.0
Treasury Operations	**5.0**	5.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0
Fiscal Planning & Performance	**4.0**	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Purchasing	**9.0**	8.0	8.0	7.0	8.0	8.0	7.0	7.0	-	-
Accounting	**19.0**	19.0	19.0	19.0	17.0	18.0	20.0	20.0	19.0	20.0
Rate Administration	**2.0**	2.0	2.0	2.0	2.0	1.0	2.0	1.0	2.0	1.0
Records & Document Administration	**6.0**	8.0	8.0	12.0	12.0	12.0	13.0	13.0	-	-
Information Technology[2]	-	-	-	-	-	-	-	44.0	44.0	44.0
	54.0	55.0	55.0	56.0	56.0	57.0	59.0	102.0	81.0	81.0
Engineering Division										
Administration	**9.0**	8.6	9.0	8.0	8.0	8.0	8.0	8.0	8.0	17.0
Programs & Projects	**37.0**	37.0	37.0	36.0	35.0	33.0	32.0	31.0	30.0	29.0
Survey	**24.0**	25.0	26.0	26.0	25.0	25.0	26.0	22.0	25.0	27.0
Distribution	**38.0**	37.0	39.0	39.0	38.0	40.0	39.0	40.0	28.0	19.0
Construction Management	**22.0**	22.0	23.0	22.0	21.0	21.0	21.0	20.0	20.0	20.0
	130.0	129.6	134.0	131.0	127.0	127.0	126.0	121.0	111.0	112.0
Planning Division										
Director of Planning	**2.0**	3.0	3.0	3.0	3.0	3.0	4.0	5.0	3.9	3.0
Environmental Planning	**5.6**	4.6	4.6	4.4	4.4	4.4	4.4	4.4	7.6	9.0
Raw Water Supply	**6.0**	6.0	6.0	6.0	6.0	5.0	6.0	6.0	6.0	6.0
Water Rights	**7.0**	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Water Resources Analysis	**10.8**	10.8	10.8	10.0	10.0	9.0	8.0	8.0	4.0	5.0
General Planning	**3.0**	4.0	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0
Hydraulics	**7.0**	7.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0	7.0
	41.4	42.4	42.4	41.4	42.4	40.4	40.4	41.4	38.5	42.0
Administration Division[3]										
Director of Administration	-	-	-	-	-	-	-	-	6.0	5.0
Human Resources	-	-	-	-	-	-	-	-	-	-
Health and Safety	-	-	-	-	-	-	-	-	19.0	18.0
Administrative Services	-	-	-	-	-	-	-	-	25.0	26.0
Property Administration	-	-	-	-	-	-	-	-	1.0	1.0
Public Recreation	-	-	-	-	-	-	-	-	4.0	5.0
General Services	-	-	-	-	-	-	-	-	28.0	27.0
									83.0	82.0
Operations and Maintenance Division										
Plant Office	**4.0**	4.0	5.0	5.0	30.5	28.5	6.0	6.0	6.0	7.0
Computer Support	-	-	-	-	-	-	-	-	-	-
Water Control Lab	-	-	-	-	-	-	-	-	-	-
Water Quality & Compliance	**31.8**	31.0	30.0	30.5	12.0	12.0	28.0	28.0	24.0	24.0
Safety and Loss Control	**15.0**	12.0	12.0	11.0	5.0	5.0	12.0	11.0	-	-
Source of Supply	**56.0**	59.0	60.0	61.0	60.0	59.0	59.0	56.0	58.0	56.0
Water Treatment	**83.0**	79.0	69.0	68.0	66.0	65.0	61.0	59.0	60.0	58.0
Transmission & Distribution	**57.0**	158.0	163.0	159.0	162.0	157.0	161.0	161.0	149.0	161.0
Treated Water Operations	**157.0**	59.0	58.0	59.0	59.0	58.0	58.0	57.0	56.0	57.0
Instrumentation & Ctrl Systems	**19.0**	21.0	20.0	18.0	16.0	16.0	16.0	16.0	15.0	14.0
Maintenance and Warehouse	**131.0**	129.0	127.0	129.0	125.0	127.0	128.0	129.0	114.0	110.0
	553.8	552.0	544.0	540.5	535.5	527.5	529.0	523.0	482.0	487.0
Total All Divisions	**1,037.9**	1,041.9	1,036.0	1,026.0	1,005.5	1,002.6	1,001.5	988.0	987.4	992.0

[1]Print Shop transferred from Public Affairs to Information Technology in 2003.

[2]Information Technology transferred from Finance to Manager & Staff in 1998.

[3]Administration Division disbandedin February 1997 & employees transferred to other divisions.

ADDITIONS TO CAPITAL ASSETS - 2004 (Page 1 of 2)

(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
South Platte Downstream Storage-Gravel Pits	$ 1,708	
Water Rights	1,472	
Gross Dam Power Plant	1,180	
Moffat Headquarters	333	
Gross Reservoir Improvements	321	
Land Acquisitions	245	
North Fork of the S. Platte - Channel Improvements	217	
Conduit 20	151	
Antero Development Costs	115	
Cherry Creek Well O Replacement	75	
Williams Fork Reservor	66	
Kassler	59	
Strontia Springs Reservoir	48	
Cheesman Reservoir	41	
Other Miscellaneous	36	
Total Source of Supply		6,067
PUMPING PLANT AND CLEAR WATER STORAGE		
Green Mountain	309	
Kassler - Pump Station	202	
Hillcrest	125	
Montclaire	73	
64th Ave.	46	
Smith Road	23	
Last Chance	20	
Lonetree	19	
Other Miscellaneous	14	
Total Pumping Plant and Clear Water Storage		831
WATER TREATMENT		
Recycled Water Project	4,797	
Marston Treatment Plant Improvements	4,305	
Foothills Treatment Plant Improvements	59	
Total Water Treatment		9,161
TRANSMISSION AND DISTRIBUTION		
Recycled Water Conduits/Distribution System/Projects	6,536	
Distribution Mains & Hydrants	5,504	
Automated Reading Program	4,835	
Stapelton Redevelopment	1,262	
Conduit 94	714	
Conduit 151	637	
Conduit 159	228	
Denver International Airport Mains and Hydrants	160	
Conduit 158	125	
Conduit 129	83	
Conduit 306	53	
Colorow Reservoir Drain Line	50	
Conduit 143 (Modifications for DIA Flushing)	49	
Conduit 93	47	
Other	38	
Total Transmission and Distribution		20,321
NON-UTILITY		
Highline Canal - Water Resource GIS Database	31	
City Ditch Dechlorination Facility	3	
Total Non-Utility		34
OTHER		
AMR-Large Meter Replacement Project	1,722	
Total Other		1,722
TOTAL NEW FACILITIES		$ 38,136

(Continued next page)

ADDITIONS TO CAPITAL ASSETS - 2004 (Page 2 of 2)

(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
Eleven Mile Reservoir	$ 1,068	
Roberts Tunnel/Grant HQ	442	
Moffat Collection System	270	
Jones Pass	222	
Conduit 160	213	
Cheesman Reservoir	158	
Strontia Springs Reservoir	157	
Ralston Reservoir, S. Boulder Creek	144	
North Fork of the South Platte - Channel Improvements	138	
Williams Fork Reservoir	136	
Dillon Reservoir	119	
Antero Reservoir	97	
Conduit 20	77	
Other Miscellaneous	71	
Total Source of Supply		3,312
PUMPING PLANT AND CLEAR WATER STORAGE		
Marston North Side	495	
Belleview	219	
Broomfield	102	
All Pumping Stations - Construct & Install Signs	98	
Hillcrest	94	
Other Miscellaneous	46	
Highlands	31	
Einfeldt	26	
Kendrick	20	
Capitol Hill	19	
Total Pumping Plant and Clear Water Storage		1,150
WATER TREATMENT		
Foothills Plant General Replacements	976	
Moffat Plant General Replacements	801	
Marston Plant General Replacements	627	
Total Water Treatment		2,404
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE		
Mains - Replace, Extend, and Relocate	13,204	
Fire Hydrants - Replacements, Raise, Relocate	911	
Reservoirs	597	
Conduit 76	407	
Conduit 12	365	
Other Conduits	286	
Conduit 44	263	
Conduit 67	240	
Conduit 153	232	
Conduit 118	193	
Conduit 27	170	
Conduit 13	141	
Decentralization Stations	39	
Other Miscellaneous	16	
Total Transmission and Distribution		17,064
NON-UTILITY		
City Ditch	5	
Highline Canal	61	
Total Non-Utility		66
GENERAL PLANT		
Kassler	459	
Westside Improvements	792	
Total General Plant		1,251
OTHER		
Leasehold Improvements	121	
Total Other		121
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		25,368
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Motor Vehicles and Heavy Equipment	2,672	
Computer Equipment	2,522	
General Equipment	679	
Capitalized Software & IT Projects	1,282	
Other	1,010	
TOTAL GENERAL EQUIPMENT		8,165
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$ 71,669

CAPITAL ASSETS BY FUNCTION: 1995 - 2004
(amounts expressed in thousands)

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
UTILITY PLANT IN SERVICE:										
Source of supply plant	**$ 448,308**	$ 419,350	$ 400,248	$ 391,499	$ 382,873	$ 362,655	$ 360,666	$ 347,612	$ 336,872	$ 332,529
Pumping plant	**64,728**	49,574	46,064	45,038	43,429	35,679	35,037	32,950	30,865	31,234
Water treatment plant	**389,942**	272,104	233,121	232,532	230,385	202,484	194,201	192,217	193,707	193,952
Transmission and distribution plan	**696,718**	652,700	605,581	585,059	605,138	562,657	553,506	536,298	517,000	501,366
General plant and equipmen	**100,246**	99,278	91,114	88,926	86,668	78,206	72,630	72,316	67,285	62,882
Leasehold and other improvement	**90,297**	85,594	71,709	59,587	7,847	7,072	6,698	5,758	3,570	2,484
Land held for future use	**14,050**	14,062	14,063	14,073	14,073	14,090	14,422	14,436	14,444	14,444
Total utility plant in service	**1,804,289**	1,592,662	1,461,900	1,416,714	1,370,413	1,262,843	1,237,160	1,201,587	1,163,743	1,138,891
NONUTILITY PLANT IN SERVICE:										
Plant	**9,127**	8,927	7,549	7,636	7,637	7,404	7,496	6,938	6,811	6,111
General equipment	**69**	60	61	61	73	76	74	100	93	87
Total nonutility plant in service	**9,196**	8,987	7,610	7,697	7,710	7,480	7,570	7,038	6,904	6,198
UTILITY PLANT UNDER CAPITAL LEASE	**42,981**	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS	**75,196**	226,875	199,453	121,104	71,177	95,029	59,909	30,456	23,115	21,576
Gross capital assets	**1,931,662**	1,871,505	1,711,944	1,588,496	1,492,281	1,408,333	1,347,620	1,282,062	1,236,743	1,209,646
ACCUMULATED DEPRECIATION AND AMORTIZATION	**447,132**	421,590	392,303	368,291	347,413	325,360	304,702	288,309	268,247	249,701
Net capital assets	**$ 1,484,530**	$ 1,449,915	$ 1,319,641	$ 1,220,205	$ 1,144,868	$ 1,082,973	$ 1,042,918	$ 993,753	$ 968,496	$ 959,945

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2000 - 2004 AND 2005 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2000		2001		2002		2003		2004		2005
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
BEGINNING CASH & INVESTMENTS	$ 149,851	$149,851	$165,594	$165,594	$186,755	$186,755	$156,540	$156,540	$163,405	$163,405	$154,996
RECEIPTS FROM:											
Sale of water	133,298	151,490	139,465	149,188	148,785	146,210	133,065	131,038	157,450	130,838	169,492
Drought Surcharge	-	-	-	-	-	776	11,043	8,001		12,425	(2,657)
Nonoperating, interest & other	16,364	16,647	16,746	16,671	12,111	16,480	16,695	13,683	18,879	17,760	15,202
System development charges	19,100	25,620	21,300	22,259	27,446	36,644	23,783	19,649	22,034	24,917	22,586
Tap Surcharge	-	-	-	-	-	1,333	4,583	1,641		1,195	
Developer participation (new facilities)	3,741	6,392	3,915	7,034	3,918	5,573	2,115	2,835	2,036	2,241	2,593
Reimbursements & grants	387	791	1,637	6,802	152	1,881	3,123	3,420	494	3,646	450
Subtotal	172,890	200,940	183,063	201,954	192,412	208,897	194,407	180,267	200,893	193,022	207,666
Sale of bonds	12,700	12,677	11,159	32,658	27,395	11,393	40,500	132,438	9,000	14,300	25,000
Total receipts	185,590	213,617	194,222	234,612	219,807	220,290	234,907	312,705	209,893	207,322	232,666
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	80,296	80,836	82,059	85,375	91,297	95,453	97,006	105,463	103,583	105,693	107,294
Debt service	34,454	34,041	31,629	31,780	32,712	35,258	33,630	71,338	37,878	38,445	44,428
Subtotal	114,750	114,877	113,688	117,155	124,009	130,711	130,636	176,801	141,461	144,138	151,722
Capital improvements (new facilities)	45,910	51,705	74,508	69,761	78,240	81,421	91,228	100,017	46,268	38,479	43,325
System replacements	17,582	16,236	13,688	11,238	15,308	18,828	13,950	12,559	15,451	14,211	21,074
Equipment	9,119	5,746	8,298	6,604	10,069	8,834	7,264	5,528	13,556	7,745	12,878
Subtotal	72,611	73,687	96,494	87,603	103,617	109,083	112,442	118,104	75,275	60,435	77,277
Indirects to capital	9,579	9,310	9,884	9,750	9,955	10,711	11,023	10,935	10,860	11,158	11,381
Total expenditures	196,940	197,874	220,066	214,508	237,581	250,505	254,101	305,840	227,596	215,731	240,380
DIA Market Adjustment	-	-	-	1,057	-	-	-	-	-	-	-
ENDING CASH & INVESTMENTS	$ 138,501	$165,594	$139,750	$186,755	$168,981	$156,540	$137,346	$163,405	$145,702	$154,996	$147,282

GENERAL EXPLANATION OF VARIANCES:

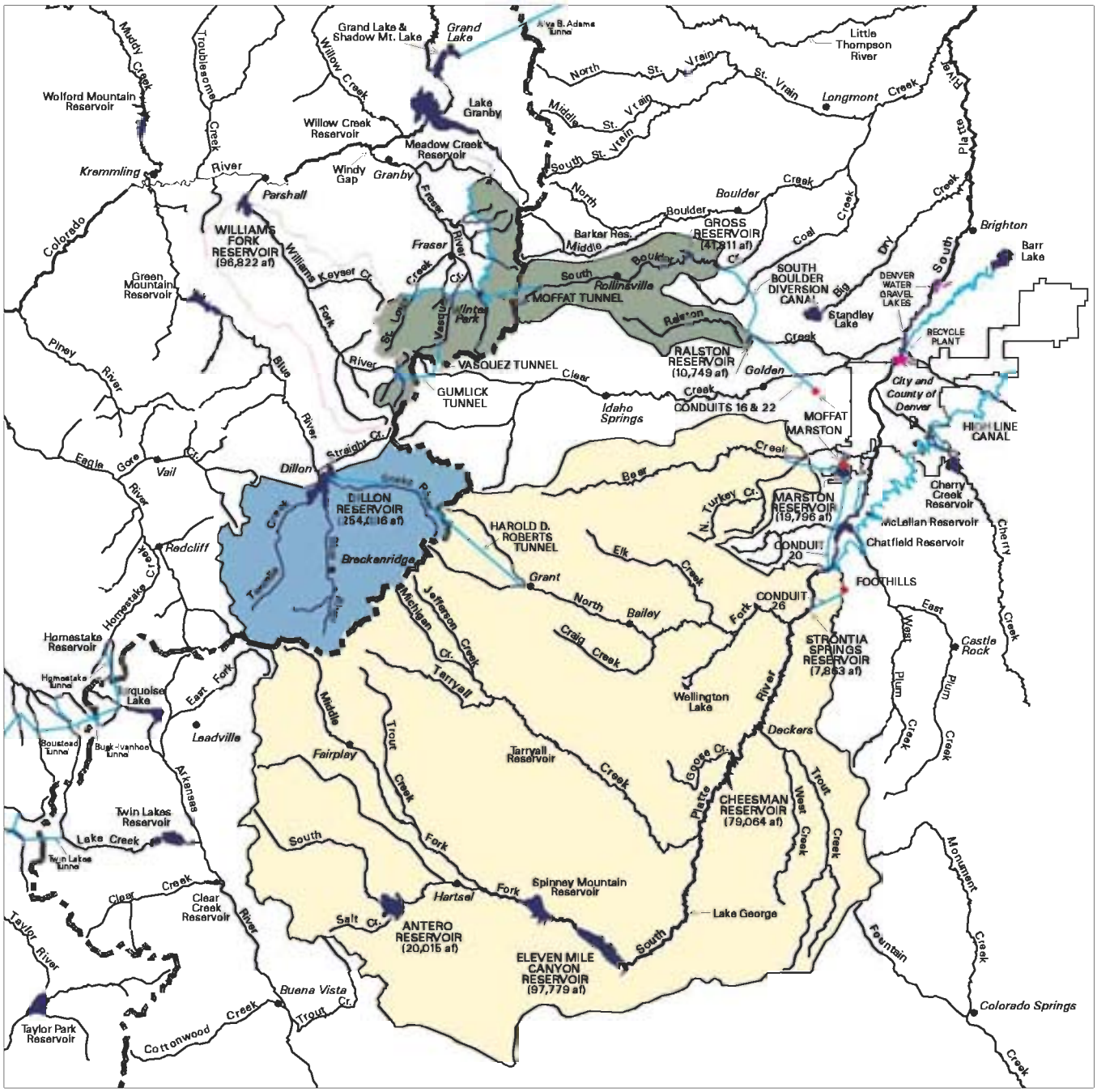
Variances in operating receipts are generally due to abnormal climatic conditions.
Variances in system development charges are generally related to levels of activity in the home building industry.
Variances in capital improvements are generally due to changes in project scheduling.
Cash and investments do not agree with amounts on the Statements of Net Assets.
2004 Indirects to Capital in the Actual column were estimated in order to tie to the Budget Book.

Supply

2004 Facts

Raw water collected	255,306	A.F.
Percent of average yield-last 10 years	85%	
Percent from South Platte System	47%	
Percent from Moffat System	23%	
Percent from Roberts Tunnel System	30%	
Reservoir storage, January 1	501,084	A.F.
Percent of capacity	74.4%	
Reservoir storage, December 31	496,555	A.F.
Percent of capacity	73.8%	
Power generation	59,003,435	KWH
Value of power generation	$2,019,139	

City and County of Denver
Board of Water Commissioners
Water Collection System



LEGEND

- South Platte Collection System
- Roberts Tunnel Collection System
- Moffat Collection System
- Williams Fork Reservoir Watershed
- Denver Water Treatment Plant
- Continental Divide
- Major Stream or River
- Major Canal or Tunnel
- Major Lake or Reservoir
- Town

N

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Scale 1:1,000,000

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Miles

SOURCE OF SUPPLY - 2004 (Page 1 of 2)
Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	520,778	169,696.0
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	41,105	13,394.1
TOTAL RAW WATER STORAGE	561,883	183,090.1

REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	122,432	39,894.6

MOUNTAIN COLLECTION SYSTEM	Length in Feet	Length in Miles
Moffat Collection System:		
Concrete and Steel Pipe	91,649	17.4
Moffat Water Tunnel	32,383	6.1
Open Canals	20,223	3.8
Covered Canals	23,207	4.4
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,415	33.8
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	54,180	10.3
Roberts Tunnel	122,953	23.3
South Boulder Diversion Conduit:		
Open Canals	33,250	6.3
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	53,650	10.2
TOTAL MOUNTAIN COLLECTION SYSTEM	409,198	77.6

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Capacity in MGD	Length in Feet	Length in Miles
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
	108"	Steel		8,000	1.5
Total Conduit 20			222.0	72,512	13.7
Conduit 22:	30"	Concrete		47	- [1]
	48"	Concrete		11	- [1]
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:					
	126"	Steel		1,746	0.3
	126"	Concrete		147	- [1]
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				215,792	40.7

[1]Less than 0.1 mile.

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- [1]

[1]Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKINC

POWER GENERATION AND PURCHASE	Kilowatt Hours	Value
Net Power Generation:[1]		
Dillon	9,365,541	$ 348,817
Foothills	9,400,480	267,672
Hillcrest	6,771,665	334,095
Roberts Tunnel	17,756,613	609,948
Strontia Springs	6,194,894	225,421
Williams Fork	8,109,000	197,221
Total Power Generation	57,598,193	1,983,174
Power Purchased for Department of Energy (DOE) power interference	1,405,242	35,965
TOTAL POWER GENERATION AND PURCHASE	59,003,435	2,019,139
POWER DISTRIBUTION		
Power Consumption:[1]		
Foothills	4,601,682	102,094
Hillcrest	948,914	123,664
Total Power Consumption	5,550,596	225,758
Power Sales:		
To Excel Energy:		
Dillon	9,365,541	348,817
Foothills	4,798,798	165,578
Hillcrest	5,822,751	210,431
Roberts Tunnel	17,756,613	609,948
Strontia Springs	6,194,894	225,421
	43,938,597	1,560,195
To Tri-State Generation and Transmission Associates:		
Williams Fork	8,109,000	197,221
Total Power Sales	52,047,597	1,757,416
Power Deliveries to DOE for Power Interference:		
Williams Fork	0	0
Purchased Power	1,405,242	35,965
Total Power Deliveries to DOE	1,405,242	35,965
TOTAL POWER DISTRIBUTION	59,003,435	2,019,139
DOE BANKED POWER INTERFERENCE ACCOUNT[2]		
Balance, Beginning of Year	101,283,555	3,038,507
Power Deliveries to DOE	(15,183,555)	(455,506)
Net Interference	1,276,784	38,304
Balance, End of Year	87,376,784	$2,621,304

[1]Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PS(tariff schedule TT, June 4, 1988

[2]Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant						
	Dillon	Foothills	Hillcrest	Roberts Tunnel	Strontia Springs	Williams Fork	Total
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION							
Public Service Company Sales	$ 348,817	$ 165,578	$ 210,431	$ 609,948	$ 225,421	$ -	$ 1,560,195
Foothills Consumption	-	102,094	-	-	-	-	102,094
Hillcrest Consumption	-	-	123,664	-	-	-	123,664
Delivered to Tri-State	-	-	-	-	-	197,221	197,221
TOTAL VALUE	348,817	267,672	334,095	609,948	225,421	197,221	1,983,174
COST OF POWER GENERATION							
Transmission Wheeling	-	13,734	-	46,802	-	-	60,535
Operation and Maintenance	102,367	170,141	140,071	167,271	81,449	98,960	760,259
Administrative Expense	23,856	31,488	32,032	31,776	18,208	25,664	163,024
Depreciation	94,011	44,440	128,522	127,014	43,806	74,383	512,176
TOTAL COST	220,234	259,803	300,625	372,863	143,463	199,007	1,495,994
Net Return (Loss)	$ 128,583	$ 7,869	$ 33,470	$ 237,086	$ 81,958	$ (1,786)	$ 487,180
Plant Investment (Before Depreciation)	$ 4,467,718	$ 1,559,634	$ 6,281,776	$ 5,972,138	$ 1,717,460	$ 4,242,156	$ 24,240,882
Return on Investment	3%	1%	1%	4%	5%	0%	2%

WATER SUPPLY, USE AND STORAGE: 1995 - 2004

Values in acre-feet

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
SUPPLY										
South Platte System:										
South Platte Direct Rights	**62,054**	62,319	34,238	67,216	78,106	138,421	118,924	119,689	75,280	109,674
South Platte Storage Rights	**26,738**	43,562	4,686	43,142	38,406	66,492	60,580	68,492	36,266	55,634
Bear Creek Rights	**4,100**	15,062	901	1,844	908	-	-	47	14	154
Total South Platte System	**92,892**	120,943	39,825	112,202	117,420	204,913	179,504	188,228	111,560	165,462
Blue River/Roberts Tunnel System	**75,984**	164,294	56,848	102,282	102,750	54,064	48,384	92,174	89,268	98,176
Effluent Exchange[1]	**27,086**	24,039	19,031	17,724	16,492	5,864	11,444	6,250	19,682	12,824
Moffat System:										
Fraser Collection System	**43,408**	65,458	21,678	51,288	49,355	35,018	30,166	44,932	47,838	18,174
Williams Fork Collection System	**10,364**	5,726	7,856	11,350	3,612	278	2,534	2,692	1,508	26
Cabin-Meadow Creek System	**5,074**	5,020	3,582	5,716	6,406	570	3,680	2,820	3,068	5,252
South Boulder Creek	**-**	6,814	-	2,810	-	16,140	12,144	22,142	7,892	33,421
Ralston Creek	**498**	1,054	-	132	438	5,266	5,696	5,044	214	12,398
Total Moffat System	**59,344**	84,072	33,116	71,296	59,811	57,272	54,220	77,630	60,520	69,271
Total Water Supply	**255,306**	393,348	148,820	303,504	296,473	322,113	293,552	364,282	281,030	345,733
USE										
Foothills Filters	**115,952**	120,112	158,777	141,780	165,454	174,596	181,238	162,841	152,057	153,757
Marston Filters	**26,998**	38,448	54,849	59,614	47,463	26,667	15,574	26,874	20,750	16,877
Moffat Filters	**39,142**	42,164	17,649	47,481	43,031	29,915	40,949	41,491	57,206	29,634
Total Water Filtered	**182,093**	200,724	231,275	248,875	255,948	231,178	237,762	231,206	230,013	200,268
Change in Clear Water Storage	**(187)**	(20)	(340)	(136)	382	(291)	(17)	(2)	119	32
Total Treated Water Delivered[2]	**182,280**	200,704	230,935	248,739	256,330	230,887	237,745	231,204	230,132	200,300
Raw Water Deliveries	**38,535**	43,136	44,454	29,040	38,478	26,248	27,063	30,248	30,910	26,012
Other Uses[3]	**20,514**	11,941	31,812	17,084	23,268	22,646	11,176	57,275	20,252	64,626
Evaporation Losses[4]	**-**	8,804	8,242	8,310	8,995	1,711	6,879	1,878	6,154	2,207
Total Water Use	**241,329**	264,585	315,443	303,173	327,071	281,492	282,863	320,605	287,448	293,145
STORAGE[5]										
Total Reservoir Storage, December 31	**496,555**	501,084	309,874	544,527	553,929	607,921	591,462	607,786	555,276	605,702
Total Reservoir Storage, January 1	**501,084**	309,874	544,527	553,929	607,921	591,462	607,786	555,276	605,702	523,882
Storage Gain or (Loss)	**(4,529)**	191,210	(234,653)	(9,402)	(53,992)	16,459	(16,324)	52,510	(50,426)	81,820

[1]Initiated exchange programs for Blue River effluent on September 10, 1976.

[2]Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

[3]Other Uses include, but are not limited to, evaporation, carriage losses, seepage losses, Chatfield bypasses, flood bypasses, and releases for power production and maintenance projects.

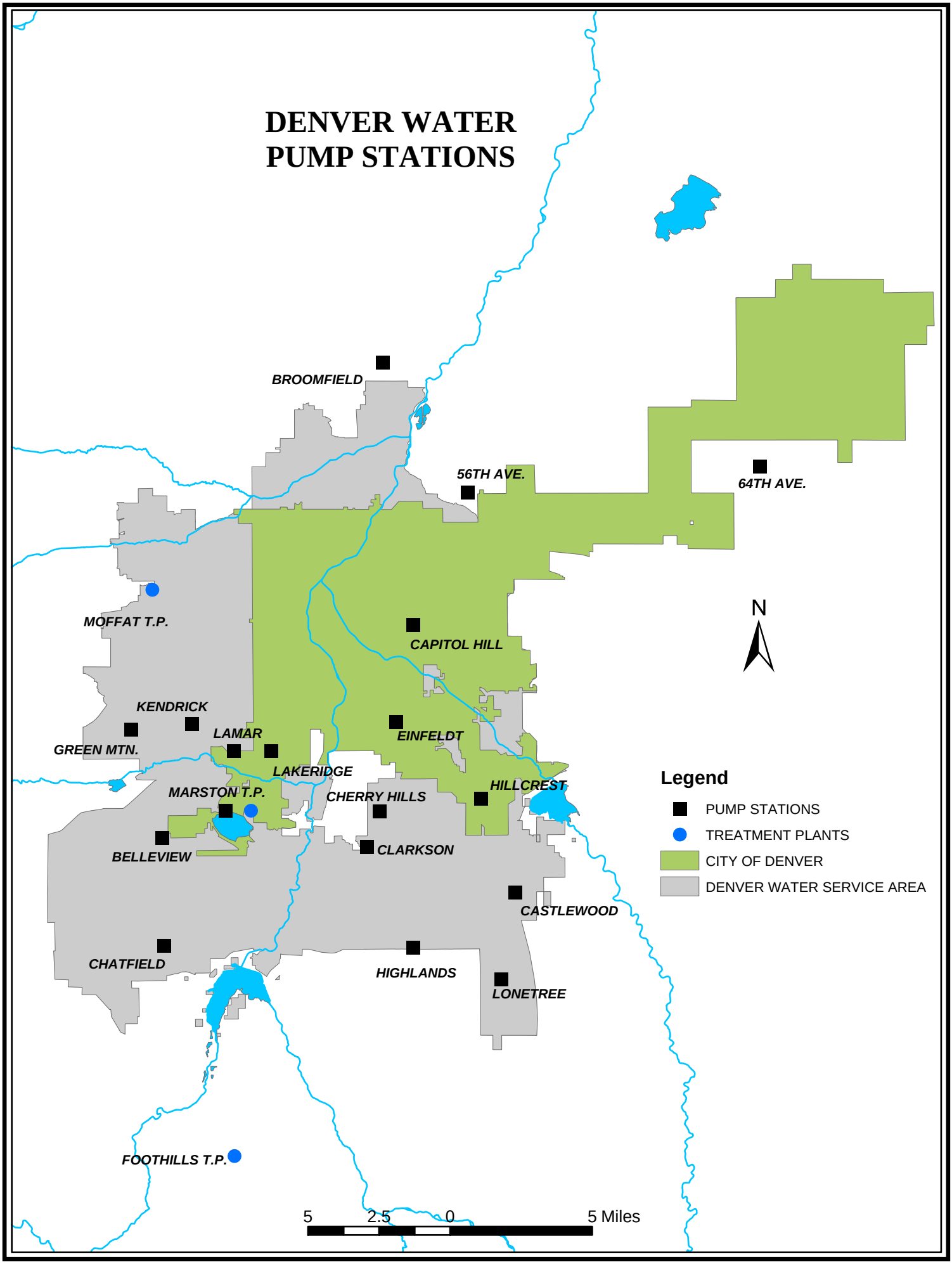
[4]Evaporation losses included in Other Uses beginning in 2004.

[5]Reservoirs used to compute total storage changed for the 2002 report. 1993-2001 data were adjusted for this change.

Pumping

2004 Facts

Water pumped - Current year	39,105.07	MG
Water pumped - Last year	46,030.79	MG
Percentage decrease from last year	(15)%	
Number of pump stations	18	
Maximum pumping capacity	1,077.1	MGD
Pumping energy costs - Current year	$2,440,755	
Pumping energy costs - Last year	$2,194,746	
Percentage increase from last year	(10)%	


DENVER WATER
PUMP STATIONS
BROOMFIELD
56TH AVE.
64TH AVE.
MOFFAT T.P.
CAPITOL HILL
KENDRICK
LAMAR
GREEN MTN.
EINFELDT
LAKERIDGE
MARSTON T.P.
CHERRY HILLS
HILLCREST
BELLEVIEW
CLARKSON
CASTLEWOOD
CHATFIELD
HIGHLANDS
LONETREE
FOOTHILLS T.P.
N
Legend
PUMP STATIONS
TREATMENT PLANTS
CITY OF DENVER
DENVER WATER SERVICE AREA
5
2.5
0
5 Miles

PUMPING STATION CAPACITIES - 2004

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0	M R
(High Pressure)	5	Worthington	Westinghouse	300	260	5.0	M R
11200W. Belleview Ave.	6	Worthington	General Electric	600	260	10.0	M R
	7	Worthington	General Electric	900	260	15.0	M R
				2,700		45.0	
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0	M R
(Low Pressure)	2	Goulds	General Electric	400	175	10.0	M R
11200W. Belleview Ave.				650		16.0	
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M R
9265 Washington St.	2	Patterson	Ideal Electric	400	350	5.0	M R
	3	Patterson	Ideal Electric	400	350	5.0	M R
	4	Goulds	US Motor	500	300	6.5	M R
				1,700		21.5	
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M R
1000 Elizabeth St.	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Cameron	General Electric	700	164	20.0	M R
	6	Byron Jackson	Westinghouse	600	175	17.0	M R
	7	Byron Jackson	Westinghouse	800	175	23.0	M R
				3,300		92.0	
CASTLEWOOD (5785)[2]	1	Paco	Lincoln Linguard	75		2.3	M L
9502 E.Arapahoe Rd.	2	Paco	Lincoln Linguard	75		2.3	M L
				150		4.6	
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M R
8371 Continental Divide Rd.	2	ITT	US Motor	200	150	5.0	M R
(Low Pressure)	3	ITT	US Motor	200	150	5.0	M R
				600		15.0	
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M R
8371 Continental Divide Rd.	6	ITT	US Motor	400	320	5.0	M R
(High Pressure)				800		10.0	
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M R
1590 Radcliff Ave.	2	Worthington	General Electric	1,000	220	20.0	M R
	3	Worthington	General Electric	1,000	220	20.0	M R
	4	Worthington	General Electric	1,000	220	20.0	M R
	5	Worthington	General Electric	1,000	220	20.0	M R
	6	Worthington	General Electric	1,000	220	20.0	M R
				6,000		120.0	
CLARKSON (5,482)[2]	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
5300 S. Clarkson St.	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	6	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
				900		12.6	
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M R
1900 S. University Blvd.	3	Byron Jackson	General Electric	600	175	17.0	M R
	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Byron Jackson	Westinghouse	200	175	5.3	M R
	6	Worthington	General Electric	800	175	20.0	M R
	7	Wheeler Economy	General Electric	800	175	20.0	M R
				3,600		94.3	

[1]M=Manual, R=Remote, L=Local

[2]Vault Type Structure (underground)

(Continued next page)

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
FIFTY-SIXTH AVENUE (5,203)	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
7355 56th Ave.	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	8	Gould	U.S. Motor	500	75	30.0	M R
	9	Gould	U.S. Motor	500	75	30.0	M R
				8,000		120.0	
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0	M R
12400 W. Jewell Ave.	2	Patterson	General Electric	350	260	5.0	M R
	3	Patterson	General Electric	350	260	5.0	M R
	4	Patterson	General Electric	700	260	10.0	M R
				2,100		30.0	
HIGHLANDS (5,704)	1	Fairbanks Morse	General Electric	125	165	3.0	M R
(Low Pressure)	2	Fairbanks Morse	General Electric	125	165	3.0	M R
8100 S. University Blvd.	3	Fairbanks Morse	General Electric	125	165	3.0	M R
	4	Fairbanks Morse	General Electric	125	165	3.0	M R
	5	DeLaval	Ideal Electric	350	165	10.0	M R
	6	DeLaval	Ideal Electric	350	165	10.0	M R
	7	DeLaval	Ideal Electric	350	165	10.0	M R
				1,550		42.0	
HIGHLANDS (5,704)	1	Gould	General Electric	900	260	15.0	M R
(High Pressure)	4	Gould	General Electric	900	260	15.0	M R
8100 S. University Blvd.	6	Gould	General Electric	300	110	10.0	M R
	7	Gould	General Electric	300	110	10.0	M R
	8	Gould	General Electric	150	110	5.0	M R
	9	Gould	General Electric	150	110	5.0	M R
				2,700		60.0	
HILLCREST (5,602)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M R
(Low Pressure)	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M R
4200 S. Happy Canyon Rd.	3	DeLaval	Electric Machinery	200	163	5.0	M R
	4	DeLaval	Electric Machinery	400	163	11.0	M R
	5	DeLaval	Electric Machinery	400	163	11.0	M R
	6	Worthington	Fairbanks Morse	400	163	11.0	M R
	7	Worthington	Fairbanks Morse	400	163	11.0	M R
				1,950		52.0	
HILLCREST (5,602)	8	American Marsh	Westinghouse	75	320	0.8	M R
(High Pressure)	10	DeLaval	Electric Machinery	350	313	4.8	M R
4200 S. Happy Canyon Rd.	11	DeLaval	Electric Machinery	800	315	10.5	M R
	12	DeLaval	Electric Machinery	800	315	10.5	M R
	13	Patterson	Ideal Electric	900	320	10.0	M R
				2,925		36.6	
KENDRICK (5,607)	1	Patterson	Ideal Electric	300	120	10.0	M R
(Low Pressure)	2	DeLaval	General Electric	300	117	10.0	M R
9380 W. Jewell Ave.	3	Worthington	General Electric	75	119	2.9	M R
	4	Worthington	General Electric	75	119	2.9	M R
	5	Worthington	General Electric	75	119	2.9	M R
				825		28.7	

[1]M=Manual, R=Remote, L=Local

(Continued next page)

PUMPING STATION CAPACITIES - 2004

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
9380 W. Jewell Ave.	9	Goulds	Waukesha[3]	700	260	10.0	M R
	10	DeLaval	Waukesha[3]	400	260	5.0	M R
	11	Patterson	Ideal Electric	700	260	10.0	M R
				3,400		45.0	
LAKERIDGE (5,516)	1	American	United States	50	120	1.7	M R
2700 S. Raleigh St.	2	Pacific	Ideal Electric	75	120	2.9	M R
	3	Pacific	Ideal Electric	75	120	2.9	M R
	4	Allis Chalmers	Allis Chalmers	50	120	2.0	M R
				250		9.5	
LAMAR (5,443)[2]	1	Worthington	Marathon Electric	100	120	2.9	M R
6301 W. Yale Ave.	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				275		7.8	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
7700 E. Chapparel Rd.	5	Gould	Siemens & Allis	150	127	5.0	M R
				600		20.0	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
7700 E. Chapparel Rd.	8	Gould	Siemens & Allis	600	227	10.0	M R
				1,500		25.0	
MARSTON (5,485)	1	Worthington	Waukesha[3]	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
5700 W. Quincy Ave.	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				3,500		100.0	
MARSTON (5,485)							
(High Pressure)							
5700 W. Quincy Ave.	8	Patterson	Waukesha[3]	400	260	6.5	M R
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Patterson	Ideal Electric	900	260	15.0	M R
	11	Patterson	Ideal Electric	900	260	15.0	M R
				2,700		44.5	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
21850 E. 64th Ave.				300		15.0	
SIXTY-FOURTH AVENUE (5,427)	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
21850 E. 64th Ave.							
			Grand Total	53,375		1,077.1	

Note: City Datum = 5,172.91

[1]M=Manual, R=Remote, L=Local

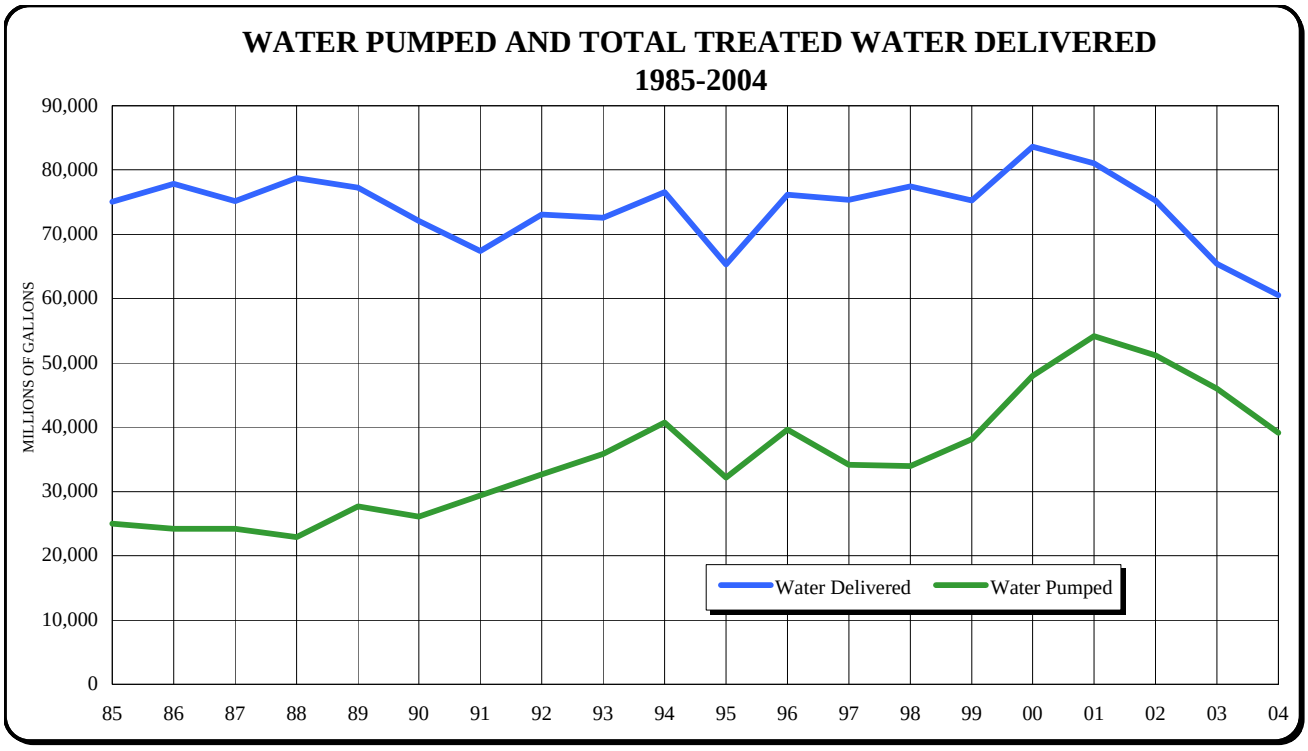
[2]Vault Type Structure (underground)

[3]Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1985 - 2004

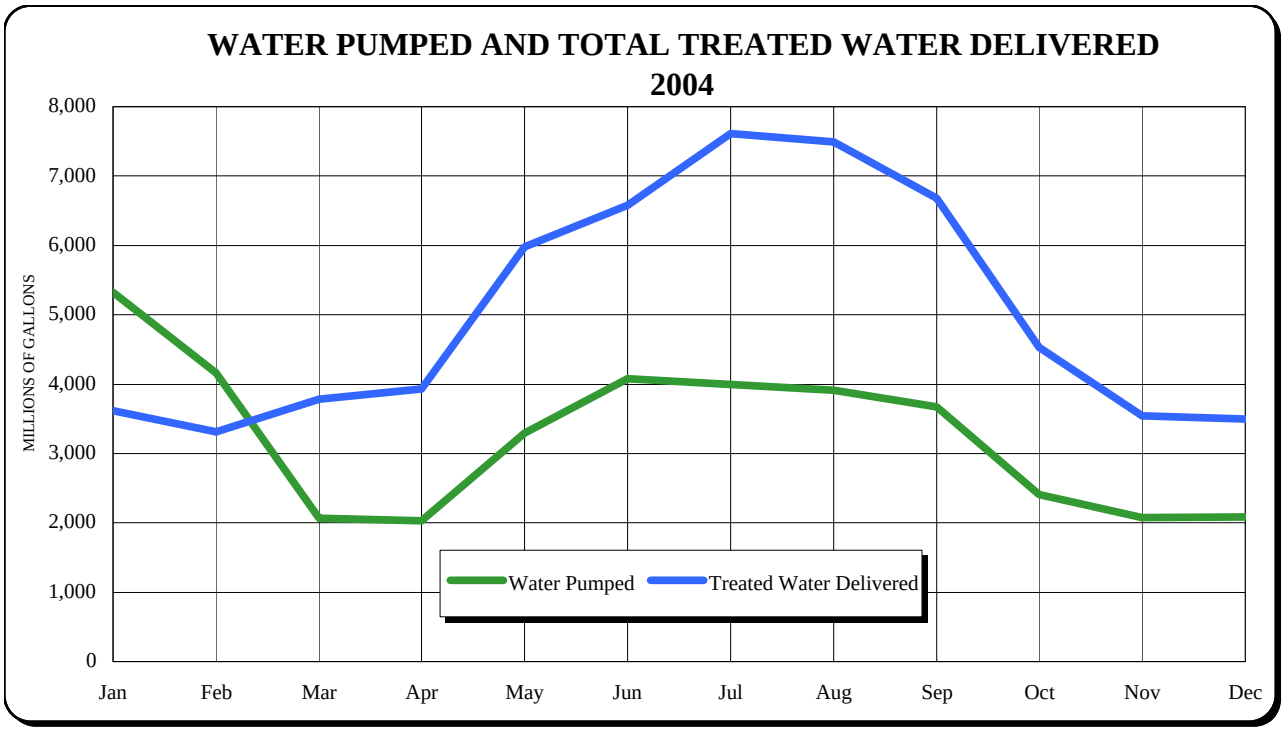
Year	Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps Number	Pumps Capacity (million gals.)	Total Pumping Power Used (kwh)	Gas Used (dth)	Total Power, Electric and Gas Costs[1]
1985	25,000.29	75,100.00	128	1,182.2	34,963,885	-	$2,114,549
1986	24,237.58	77,887.63	129	1,203.6	27,464,812	-	$1,895,623
1987	24,158.20	75,162.49	127	1,201.8	28,220,134	-	$1,818,839
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	$1,572,461
1989 [2]	27,724.95	77,262.29	118	1,156.8	27,181,894	-	$1,859,268
1990 [2]	26,089.81	72,043.94	113	1,091.8	27,734,829	-	$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	$1,778,200
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	$1,782,578
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	$2,774,857
2002	51,205.33	75,221.18	109	1,070.6	46,058,108	7,217	$1,986,429
2003	46,030.79	65,399.47	110	1,077.1	33,489,508	1,858	$2,322,558
2004	39,105.07	60,578.77	110	1,077.1	35,898,176	-	$2,820,144

[1]Total energy costs for all Denver metropolitan area Board water distribution facilities.
[2]Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



WATER PUMPED MONTHLY - 2004
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	5,325.09	3,615.80	August	3,911.00	7,493.50
February	4,158.77	3,316.70	September	3,674.73	6,681.40
March	2,066.95	3,786.50	October	2,406.51	4,534.70
April	2,034.07	3,932.00	November	2,074.96	3,547.60
May	3,294.66	5,981.50	December	2,085.94	3,493.67
June	4,081.28	6,582.60			
July	3,991.12	7,612.80	Total Year	39,105.07	60,578.77



WATER PUMPED BY STATION - 2004
(millions of gallons)

Belleview (Low)	544.77	Hillcrest (High)	1,588.72
Belleview (High)	2396.89	Kendrick (Low)	369.39
Broomfield	1,630.20	Kendrick (High)	2,173.12
Capital Hill	72.26	Lakeridge	959.07
Chatfield (Low)	1,477.55	Lamar	1,083.97
Chatfield (High)	843.79	Lone Tree (Low)	468.76
Cherry Hills	2,089.91	Lone Tree (High)	711.14
Clarkson Street	295.48	Marston (Low)	3,486.73
Einfeldt	818.37	Marston (High)	1,803.16
Fifty-Sixth Avenue	3,387.95	Sixty-Fourth Ave. (High)	477.40
Green Mountain	983.39	Sixty-Fourth Ave. (Low)	13.86
Highlands (Low)	2,681.68		
Highlands (High)	7,098.98	Total	39,105.07
Hillcrest (Low)	1,648.53		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 200

High water U.S.G.S. elevation in parenthese

		Capacity (million gals.)
Alameda & Beech (6,042)[1]		
	Number 1	1.0
	Number 2	2.0
		3.0
Ashland (5,430)		
	East Basin	19.1
	West Basin	21.9
		41.0
Belleview (5,743)		10.0
Broomfield (5,335)		
	Number 1	2.5
	Number 2	2.5
		5.0
Broomfield Tank (5,534)[1]		
	Number 1	3.0
	Number 2	3.0
		6.0
Capitol Hill (5,395)		
	Number 1	23.4
	Number 3	27.0
		50.4
Chatfield Tank (5,740)		
	Number 1	5.0
	Number 2	5.0
		10.0
Colorow (6007)		3.7
Fifty-Sixth Avenue (5,223)		15.0
Foothills (5,860)		
	Number 1	25.0
	Number 2	25.0
	Number 3	25.0
		75.0
Green Mountain (5,859)		5.0
Highlands (5,722)		
	Number 1	3.3
	Number 2	3.2
	Number 3	13.5
		20.0

		Capacity (million gals.)
Hillcrest (5,624)		
	Number 1	14.8
	Number 2	14.8
		29.6
Hogback (6,007)		3.95
KenCaryl Ranch (6,410)[1]		
	Number 3	2.0
	Number 4	2.0
		4.0
Kendrick (5,627)		15.0
Lone Tree (5,930)		10.0
Marston Treatment (5,497)		
	Number 3	6.8
	Number 4	9.2
		16.0
Moffat Treatment (5,620)		
	Number 1	4.3
	Number 2	4.3
	Number 3	5.0
	Number 4	4.4
		18.0
Sixty-Fourth Avenue (5,460)		15.0
Southgate (6,123)[1]		
	Number 1	2.0
	Number 2	6.0
		8.0
Utah Tank (6,042)[1]		3.0
Valley Tank (6,000)[1]		2.0
Willows Tank (5868)[1]		
	Number 1	2.8
	Number 2	5.2
		8.0
Total Capacity		376.65

[1]Not Owned by Denver Water.

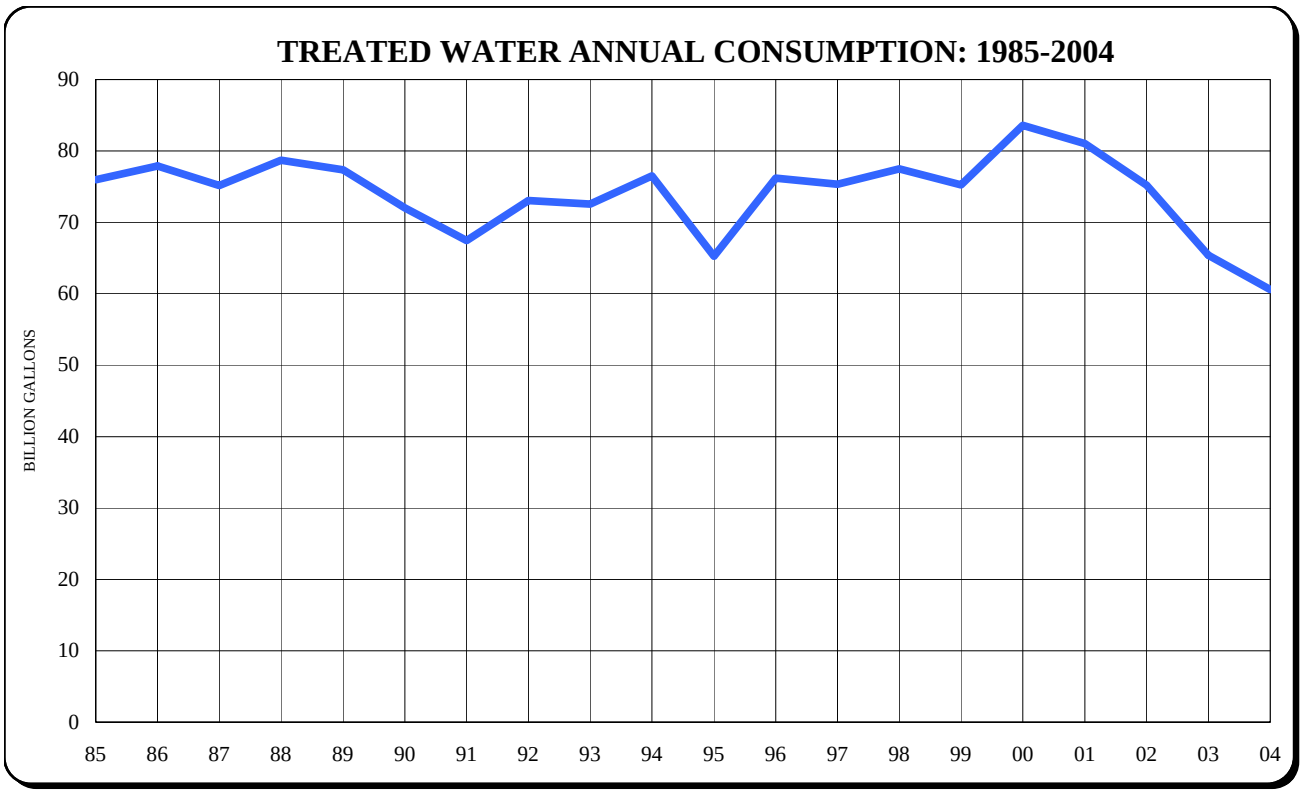
RAW WATER PUMPING STATIONS

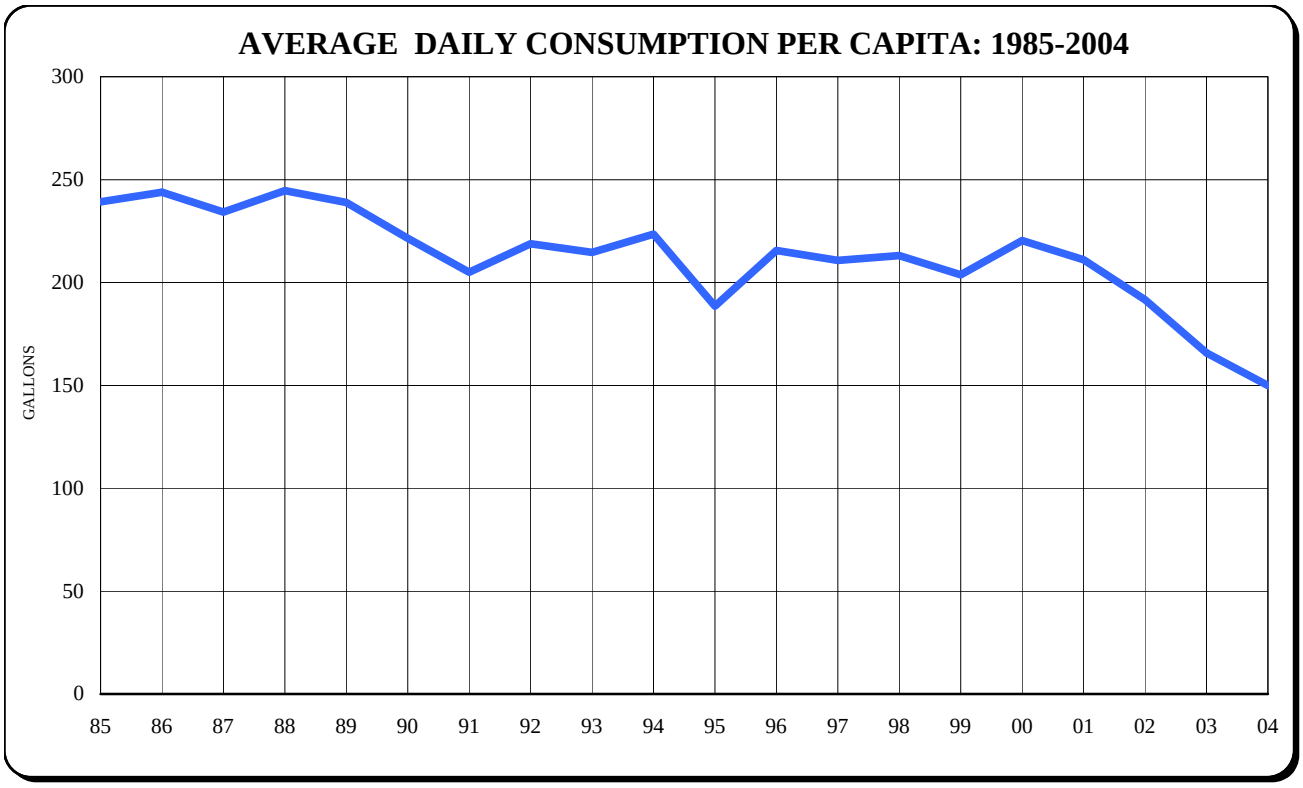
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
			Total	630	150	92.2

Treatment and Water Quality

2004 Facts

Treated water consumption……	60,578.77	MG
Decrease from 2003……	(4,820.70)	MG
Average daily consumption……	165.52	MG
Maximum daily consumption:		
(August 17)……	340.92	MG
Maximum hour treated water use rate:		
(June 13, at 8:00 p.m.)……	567.52	MGD
Water Quality:		
Total samples collected……	12,965	
Microbiological analyses completed……	10,294	
Chemical analyses completed……..……..……	34,245	


TREATED WATER ANNUAL CONSUMPTION: 1985-2004
BILLION GALLONS
90
80
70
60
50
40
30
20
10
0
85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04


AVERAGE DAILY CONSUMPTION PER CAPITA: 1985-2004
GALLONS
300
250
200
150
100
50
0
85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04

CONSUMPTION OF TREATED WATER: 1985 - 2004

Year	Acre-Feet	(million gallons) Annual	Daily Avg.	Daily Max.	Population July 1[1]	Avg. Daily Gals. Per Capita	Precipitation in Inches[2] Year	4/1 to 9/30
1985	233,141	75,969.34	208.14	490.84	870,000	239	16.29	11.00
1986	239,039	77,891.17	213.40	505.80	875,000	244	14.85	8.92
1987	230,665	75,162.49	205.92	518.55	879,000	234	22.45	13.39
1988	241,578	78,718.55	215.08	477.65	879,000	245	15.28	11.48
1989	237,342	77,338.15	211.89	553.29	887,000	239	16.08	12.15
1990	221,095	72,043.94	197.38	507.12	891,000	222	16.64	9.95
1991	206,953	67,435.91	184.76	414.79	900,000 [3]	205	19.69	14.50
1992	224,162	73,043.27	199.57	414.11	912,000	219	15.94	8.42
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.81	9.62
1994	234,819	76,516.08	209.63	479.01	938,000	223	14.35	8.72
1995	200,300	65,267.91	178.82	453.55	949,000	188	19.61	16.40
1996	233,861	76,203.96	208.21	456.99	966,000	216	14.81	10.96
1997	231,282	75,363.33	206.47	517.57	980,000	211	20.38	14.46
1998	237,764	77,475.48	212.26	512.53	996,000	213	17.61	12.77
1999	230,879	75,232.01	206.12	475.66	1,012,000	204	20.03	17.04
2000	256,514	83,585.25	228.38	478.19	1,036,000	220	14.87	11.07
2001	248,748	81,054.72	222.07	488.71	1,052,000	211	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,076,000	192	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,081,000	166	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,104,000	150	21.35	16.06

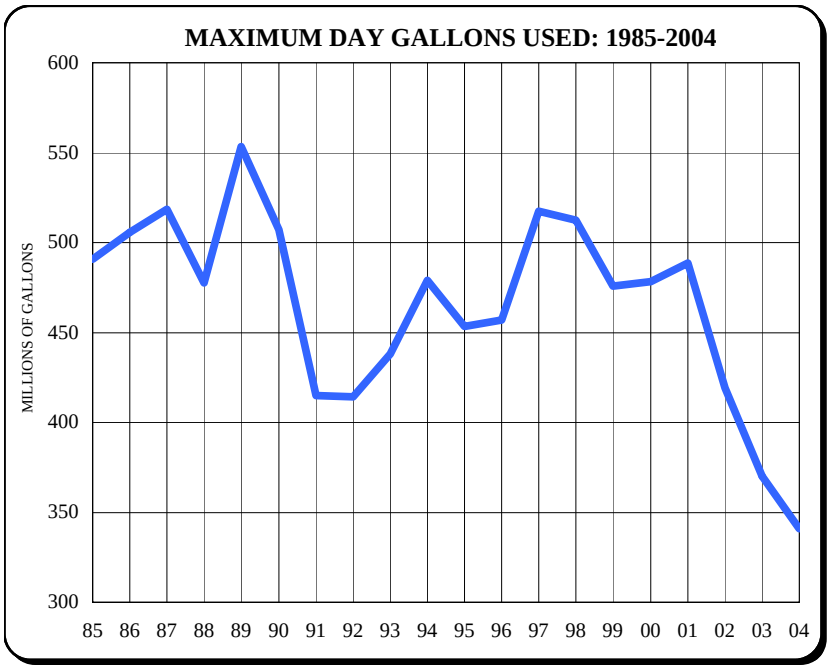
[1]Population estimates are treated water customers only.

[2]Precipitation readings are the averages of Stapleton, Lakewood and Kassler measurement stations.

[3]Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

TREATMENT PLANT CAPACITY

Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		715.0

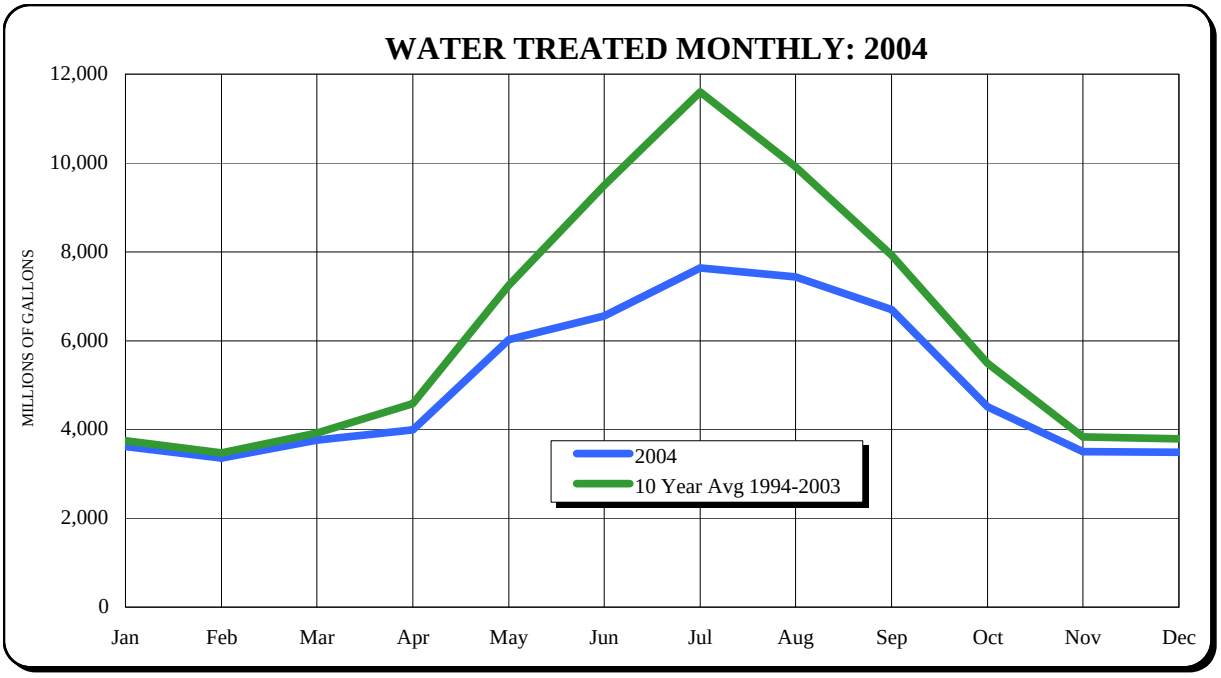


WATER TREATED MONTHLY - 2004
(millions of gallons)

	Foothills Filters	Marston Filters	Moffat Filters	Centennial [1] Filters	Total
January	-	2,111.75	1,504.25	-	3,616.00
February	645.99	1,864.58	852.31	-	3,362.88
March	2,997.72	243.02	521.18	-	3,761.92
April	2,822.92	-	1,162.49	-	3,985.41
May	4,057.71	587.41	1,378.05	-	6,023.17
June	4,610.90	1,103.40	834.26	-	6,548.56
July	4,968.50	869.85	1,794.92	-	7,633.27
August	5,054.70	714.71	1,670.95	-	7,440.36
September	4,965.38	683.28	1,052.14	-	6,700.80
October	3,572.65	-	936.09	-	4,508.74
November	2,629.60	-	878.13	-	3,507.73
December	2,432.30	-	1,056.53	-	3,488.83
Total	38,758.37	8,178.00	13,641.30	-	60,577.67

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.

[1] Denver Water supply treated by Centennial Treatment Plant not owned by Denver Water



RECONCILIATION OF WATER TREATED TO WATER DELIVERED/CONSUMED:

Total Water Treated for the Year	60,577.67	MG
(Increase) Decrease In Clear Water Storage	1.10	MG
Total Treated Water Delivered/Consumed for the Year	60,578.77	MG

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2004

CHEMICAL TREATMENT

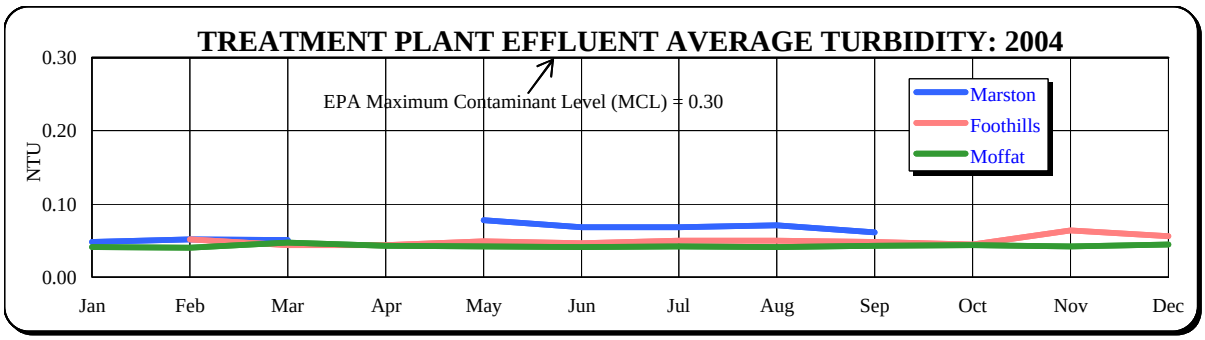
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	23,424,969	$1,707,376
Moffat	7,927,629	632,732
Marston	4,864,501	381,609
Recycling	54,104	332,415
	36,271,203	$3,054,132

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULT

Month	Number of Samples	Number of Positives	% Positive
January	519	1	0.19%
February	469	1	0.21%
March	498	-	-
April	512	3	0.59%
May	526	2	0.38%
June	549	2	0.36%
July	562	-	-
August	583	2	0.34%
September	515	-	-
October	536	2	0.37%
November	473	-	-
December	443	-	-
	6,185	13	0.21%

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if E. coli bacteria were present, which would indicate possible contamination from a fecal source. There were no E. coli positive samples in 2003.



Turbidity is a measure of the clarity of the water. EPA has established 0.30 NTU as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2004

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		59	51	24
Chlorine, Total		1.56	1.53	1.53
Hardness as $CaCO_3$		100	89	32
pH (SU)		7.71	7.82	7.76
Specific Conductance (µS)		315	277	109
Temperature (°C)		15	12	12
Total Dissolved Solids		197	175	68
Turbidity (NTU)	0.30	0.06	0.05	0.04
Metals (µg/L)				
Aluminum, Available (mg/L)		<0.02	0.02	<0.02
Aluminum		<30	35	<30
Barium	2000	42	41	19
Boron		16	11	<5
Calcium (mg/L)		31.4	28.3	10.9
Copper	TT[1]	7	<6	<6
Magnesium (mg/L)		6.9	6.0	2.2
Manganese		8	<6	<6
Molybdenum		24	26	<2
Potassium (mg/L)		2.4	2.2	0.7
Sodium (mg/L)		21.0	18.3	7.6
Strontium (mg/L)		0.20	0.18	0.05
Zinc		<6	<6	<6
Ions (mg/L)				
Chloride		22.8	16.0	4.4
Fluoride	4.0	0.86	0.87	0.91
Nitrate-Nitrogen	10	0.12	0.20	0.07
Silicon		1.7	3.4	3.0
Sulfate		59.3	55.3	17.7
Radiological (pCi/L)				
Beta, Total	4 mRem ≈ 50 pCi/L	<2	3	<2
Uranium (µg/L)	30	<0.4	<0.4	<0.4
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		0.65	0.88	0.26

(Continued next page)

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2004 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		2.4	3.5	1.4
1,1-Dichloropropanone		1.0	1.0	0.6
Bromochloroacetic acid		2.2	1.8	<0.5
Bromochloroacetonitrile		1.6	1.1	<0.2
Bromodichloroacetic acid		1	2	<1
Bromodichloromethane		8.5	8.9	1.9
Bromoform		<0.4	<0.4	<0.4
Chloral hydrate		1.4	2.4	1.1
Chloroform		12.3	24.4	11.8
Chloropicrin		<0.4	0.5	<0.4
Cyanogen chloride		1.8	3.6	1.4
Dibromoacetic acid		<0.5	<0.5	<0.5
Dibromoacetonitrile		0.7	<0.4	<0.4
Dibromochloromethane		3.4	1.4	<0.2
Dichloroacetic acid		7.7	11.8	6.7
Dichloroacetonitrile		2.0	4.1	1.3
Haloacetic Acids (5)	60	14	25	12
Total Trihalomethanes	80	24	35	14
Trichloroacetic acid		5.8	13.6	5.1
Nonspecific Organics				
Total Organic Halogen (µg/L)		115	319	226

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

General
Chlorine, Free
Metals (mg/L)
Antimony (0.006)
Arsenic (0.05)
Beryllium (0.004)
Cadmium (0.005)
Chromium (0.1)
Cobalt
Iron
Lead (TT[1])
Lithium
Mercury, Total (0.002)
Nickel (0.1)
Selenium (0.05)
Silver
Thallium (0.002)
Titanium
Vanadium
Ions (mg/L)
Bromide
Cyanide, Total (0.2)
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Perchlorate
Radiological (pCi/L)
Alpha, Total (15)
Radium-226, 228
Microbiological
Cryptosporidium
Giardia (TT[1])
Plankton
Total Coliform (DS)
Volatile Organic Compounds (µg/L)
1,1,1,2-Tetrachloroethane
1,1,1-Trichloroethane (200)
1,1,2,2-Tetrachloroethane
1,1,2-Trichloroethane (5)
1,1-Dichloroethene (7)
1,1-Dichloropropene
1,2,3-Trichloropropane
1,2,4-Trichlorobenzene (70)
1,2,4-Trimethylbenzene
1,2-Dichloroethane (5)
1,2-Dichloropropane (5)
1,3,5-Trimethylbenzene
1,3-Dichloropropane
2,2-Dichloropropane
2-Butanone
4-Methyl-2-Pentanone
Benzene (5)
Bromobenzene
Bromochloromethane
Bromomethane
Chlorobenzene (100)
Chloroethane
Chloromethane
cis-1,2-Dichloroethene (70)
cis-1,3-Dichloropropene
Dibromomethane
Dichlorodifluoromethane
Dichloromethane (5)
Ethyl Benzene (700)
Hexachlorobutadiene
Isopropyl Benzene
m-Dichlorobenzene
Methyl tert-butylether
Naphthalene
n-Butyl Benzene
Nitrobenzene
n-Propyl Benzene
o-Chlorotoluene
o-Dichlorobenzene (600)
p-Chlorotoluene
p-Dichlorobenzene (78.5)
p-Isopropyl Toluene
sec-Butyl Benzene
Styrene (100)
tert-Butyl Benzene
Tetrachloroethene (5)
Toluene (1000)
trans-1,2-Dichloroethene (100)
trans-1,3-Dichloropropene
Trichloroethylene (5)
Trichlorofluoromethane
Vinyl Chloride (2)
Xylenes (10000)
Disinfection By-Products (µg/L)
Bromoform
Carbon tetrachloride (5)
Chlorodibromoacetic acid
Dibromoacetonitrile
Monobromoacetic Acid
Monochloroacetic Acid
N-nitrosodimethylamine (NDMA)
Trichloroacetonitrile
Pesticides (µg/L)
1,2-Dibromo-3-chloropropane (0.2)
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4,4'-DDD
4,4'-DDE
4,4'-DDT
α-BHC
Acetochlor
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfoxide
Aldicarb sulfone
Aldrin
Anilazine
Aspon
Atraton
Atrazine (3)
β-BHC
Bendiocarb
Benfluralin
Bentazon
Bolstar
Bromacil
Butachlor
Butylate
Carbaryl
Carbofuran (40)
Carbophenothion
Carboxin
Chlordane (2)
Chlorfenvinphos
Chlorneb
Chlorobenzilate
Chloroprofam
Chloropropylate
Chlorothalonil
Cis-Permethrin
Clomazone
Clopyralid
Coumaphos
Crotoxyphos
Cyanazine
Cycloate
Dalapon (200)
δ-BHC
Demeton O
Demeton S
Desethylatrizine
Diazinon
Dicamba
Dichlobenil
Dichlofenthion
Dichloran
Dichlorprop
Dichlorvos
Dicrotophos
Dieldrin
Dimethoate
Dinoseb (7)
Dioxathion
Diphenamid
Diquat (100)
Disulfoton sulfoxide
Diuron
Dursban
Endothall (100)
Endosulfan –A
Endosulfan – B
Endosulfan sulfate
Endrin (2)
Endrin Aldehyde
EPN
EPTC
Erucylamide
Esfenvalerate
Ethalfluralin
Ethion
Ethofumesate
Ethoprop
Ethylene dibromide (0.05)
Etridiazole
Famphur
Fenamiphos
Fenarimol
Fenitrothion
Fensulfothion
Fenthion
Fluchloralin
Fluometuron
Fluridone
Fonofos
Glyphosate (700)
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachlorocyclopentadiene (50)
Hexizinone
Iprodione
Isofenphos
Leptophos
Lindane (0.2)
Linuron
Malathion
Merphos
Metalaxyl
Methiocarb
Methomyl
Methoxychlor (40)
Methly paraoxon
Methyl parathion
Metolachlor
Metribuzin
Mevinphos
Mirex
Molinate
Monocrotophos
Naled
Norflurazon
Oryzalin
Oxadiazon
Oxamyl (200)
Oxyfluorfen
Paraquat
Parathion
PCNB
Pendimethalin
Phorate
Phosmet
Phosphamidon
Picloram (500)
Profluralin
Prometon
Prometryn
Pronamide
Propachlor
Propanil
Propoxur
Prothiofos
Silvex (50)
Simazine (4)
Sulfotep
TEPP
Terbacil
Terbufos
Thiabendazole
Thiobencarb
Thionazin
Total Dacthal Acid degradates
Toxaphene (3)
Tribufos
Trichlorfon
Trichloronate

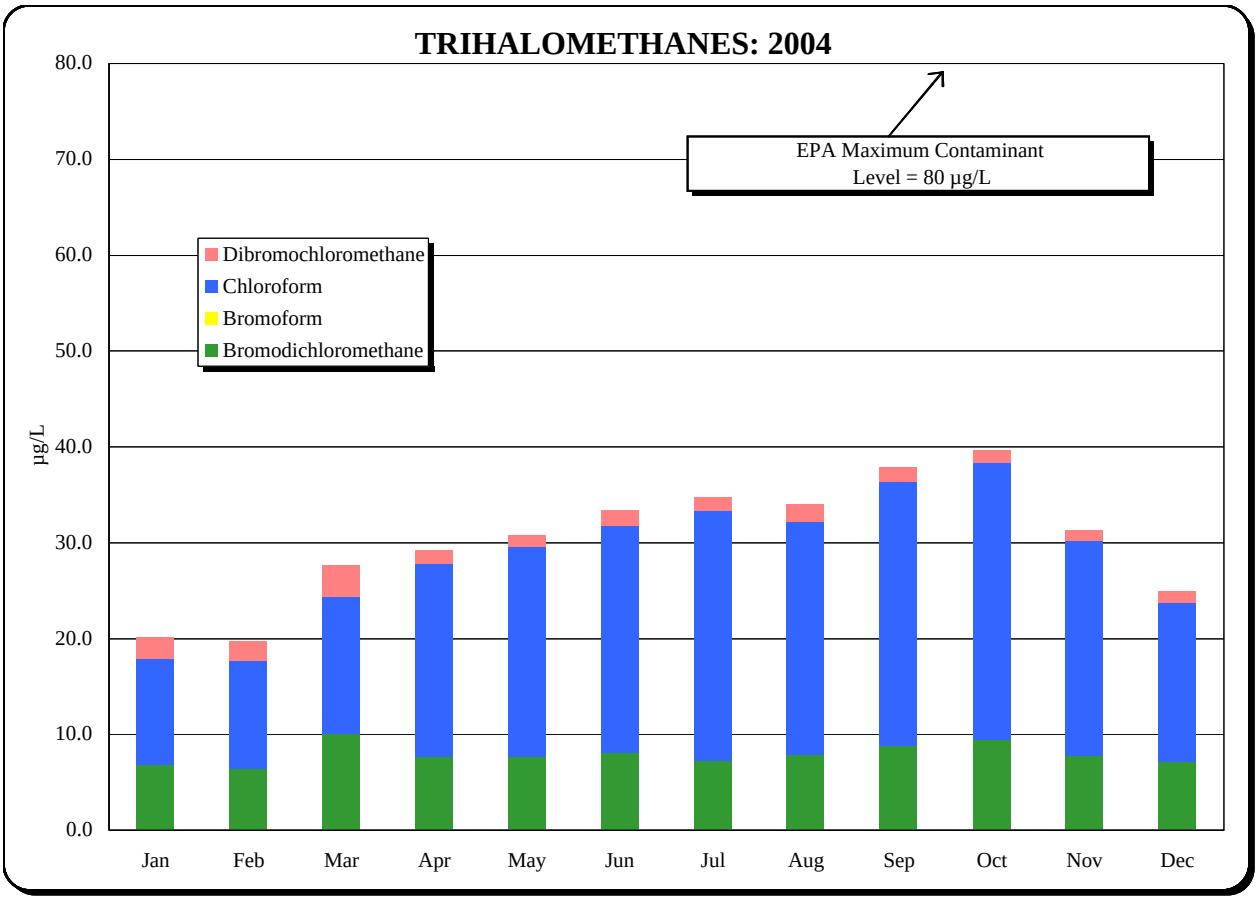
[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2004 (Continued)

Trifluralin
Vinclozolin
Synthetic Organic Compounds (µg/L)
1-Methylnaphthalene
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Acenaphthylene
Ametryn
Anthracene
Benzo(a)anthracene
Benzo(a)pyrene (0.2)
Benzo(b)fluoranthene
Benzo(g,h,i)perylene
Benzo(k)fluoranthene
Bis(2-ethylhexyl)adipate (400)
Bis(2-ethylhexyl)phthalate
Butyl benzyl phthalate
Caffiene
Chrysene
Dibenzo(a,h)anthracene
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Fluoranthene
Fluorene
Hexachlorobenzene (1)
Indeno(1,2,3-cd)pyrene
Isophorone
Pentachlorobenzene
Pentachlorophenol (1)
Phenanthrene
Polychlorinated Biphenyls (0.5)
Pyrene

1 TT indicates that the MCL involves treatment techniques.
2 DS indicates that the MCL involves calculations based upon the entire distribution system.

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2004



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice THMs are comprised of four individual compounds. EPA has established 80 mg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2004

Samples Collected:	
Watershed	448
Treatment plant	1,584
Distribution system	7,075
Other	3,858
	12,965

Analyses Performed:	
Microbiological	10,294
Chemical	34,245
	44,539

Transmission and Distribution

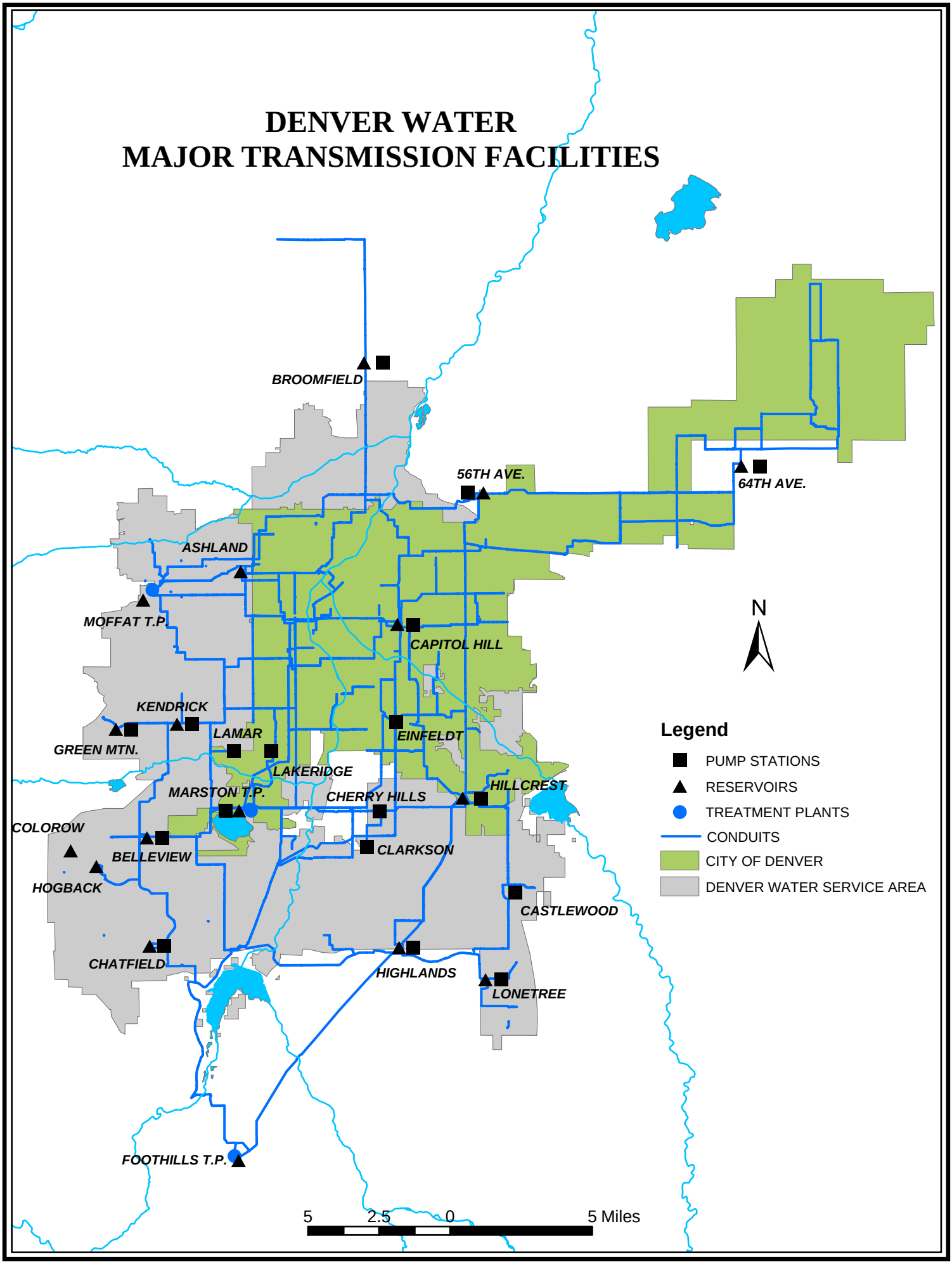
2004 Facts

Miles of pipe installed	39.9
Miles of pipe in system	2,608
Miles of nonpotable pipe in system	31.3
Number of valves operated and maintained	42,756
Number of nonpotable valves in system	230
Number of hydrants operated and maintained	14,956

Leak Detection Program:

Miles of pipe surveyed	760
Visible leaks pinpointed	62
Non-visible leaks detected	62

DENVER WATER
MAJOR TRANSMISSION FACILITIES



TRANSMISSION AND DISTRIBUTION MAINS - 2004

SUMMARY OF PIPE BY MATERIAL[1]

	Length in Feet				Length in Miles
Kind of Pipe	12-31-03	Additions	Reductions	12-31-04	12-31-04
Cast iron	6,042,333	-	24,378	6,017,955	1,140
Cement Asbestos	1,391,211	-	3,947	1,387,264	263
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	859,072	-	566	858,506	163
Copper	1,141	-	-	1,141	-
Ductile iron	2,380,279	41,562	825	2,421,016	459
Galvanized	7,755	-		7,755	1
Polyvinyl chloride	1,400,213	168,348	434	1,568,127	297
Steel	1,022,306	-	78	1,022,228	194
Steel -tape coated	407,353	741		408,094	77
Unknown[2]	49,516	-	-	49,516	9
	13,589,171	210,651	30,228	13,769,594	2,608

SUMMARY OF PIPE BY DIAMETER[1]

	Length in Feet				Length in Miles
Diameter of Pipe in Inches	12-31-03	Additions	Reductions	12-31-04	12-31-04
0.75	413	-	-	413	-
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,128	-	-	3,128	1
3	8,480	15	-	8,495	2
4	136,929		417	136,512	26
5	11	-	-	11	-
6	4,212,689	29,615	23,000	4,219,304	799
8	3,358,647	116,882	2,000	3,473,529	658
10	135,602	-	-	135,602	26
12	2,637,385	57,150	4,106	2,690,429	510
14	44,293	-	-	44,293	8
15	4,499	-	-	4,499	1
16	420,386	6,248	61	426,573	81
18	49,854	-	-	49,854	9
20	118,805		-	118,805	23
24	448,140	-	-	448,140	85
30	436,010	174	109	436,075	83
31	29	-	-	29	-
33	185	-	-	185	-
36	499,844	32	-	499,876	95
40	57	-	-	57	-
42	233,242	-		233,242	44
45	4,638	-	-	4,638	1
46	23,272	-	-	23,272	4
48	133,515	-	-	133,515	25
51	6,514	-	-	6,514	1
54	172,084	-	-	172,084	33
57	12,858	-	-	12,858	2
60	175,812	-	-	175,812	33
63	16,779	-	-	16,779	3
66	78,182	-	535	77,647	15
67	692	-	-	692	-
72	111,452	535	-	111,987	21
84	16,656	-	-	16,656	3
90	32,635	-	-	32,635	6
96	50	-	-	50	-
108	48,687	-	-	48,687	9
120	3,102	-	-	3,102	1
144	818	-	-	818	-
	13,589,171	210,651	30,228	13,769,594	2,608

[1]Mains within the City and Total Service Contract Areas.

[2]Unknown pipe material is assumed to be cast iron.

VALVES - 2004

SUMMARY OF VALVES BY TYPE[1]

Type of Valve	12-31-03	Additions	Reductions	12-31-04
Air vacuum valve	1,310	2	2	1,310
Ball valve	7	-	-	7
Blowoff valve	2,608	1	2	2,607
Butterfly valve	941	3	1	943
Check valve	20	-	-	20
Cone valve	19	-	-	19
Gate valve	35,924	1,041	37	36,928
Hub valve	5	-	-	5
MacDougall blowoff valve	132	6	-	138
Pito (Corp stop)	590	-	-	590
Pressure regulating valve	159	-	-	159
Unknown	11	14	-	25
Vacuum valve	5	-	-	5
	41,731	1,067	42	42,756

SUMMARY OF VALVES BY DIAMETER[1]

Diameter of Valve in Inches	12-31-03	Additions	Reductions	12-31-04
1	914	-	-	914
2	2,093	2	2	2,093
2.5	1	-	-	1
3	71	2	-	73
4	1,183	1	-	1,184
6	14,207	228	7	14,428
8	11,926	486	-	12,412
10	455	-	-	455
12	9,296	343	28	9,611
14	65	-	-	65
15	2	-	-	2
16	278	-	-	278
18	45	-	-	45
20	189	-	-	189
24	500	3	2	501
30	188	1	1	188
36	148	1	1	148
42	67	-	-	67
48	55	-	1	54
54	20	-	-	20
60	24	-	-	24
72	4	-	-	4
	41,731	1,067	42	42,756

[1]Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS - 2004

FIRE HYDRANTS[1]

Size in Inches	Total Hydrants 12-31-03	Additions	Reductions	12-31-04
4	17	-	-	17
6	14,631	342	34	14,939
	14,648	342	34	14,956

FIRE HYDRANT BRANCH PIPE[1]

Size in Inches	Kind of Pipe	Length in Feet 12-31-03	Additions	Reductions	12-31-04
4	Cast iron	304	-	-	304
4	Ductile iron	34	-	-	34
6	Cast iron	159,598	-	380	159,218
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	136,251	8,577	190	144,638
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,963	-	-	25,963
		344,772	8,577	570	352,779

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL[1]

Kind of Pipe	Length in Feet 12-31-03	Additions	Reductions	12-31-04
Cast iron	159,902	-	380	159,522
Cement asbestos	2,591	-	-	2,591
Ductile iron	136,285	8,577	190	144,672
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,963	-	-	25,963
	344,772	8,577	570	352,779

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER[1]

Size in Inches	Length in Feet 12-31-03	Additions	Reductions	12-31-04
4	338	-	-	338
6	344,434	8,577	570	352,441
	344,772	8,577	570	352,779

[1]Fire hydrants and branch pipe within the City and Total Service Contract Areas.

NONPOTABLE MAINS AND VALVES - 2004

NONPOTABLE MAINS

SUMMARY OF PIPE BY MATERIAL

	Length in Feet			
Kind of Pipe	12-31-03	Additions	Reductions	12-31-04
PVC	81,111	9,271	-	90,382
Steel	42,900	32,198	-	75,098
	124,011	41,469	-	165,480

SUMMARY OF PIPE BY DIAMETER

		Length in Feet			
Size	Kind of Pipe	12-31-03	Additions	Reductions	12-31-04
4"	PVC	3,327	-	-	3,327
6"	PVC	2,216	1,041	-	3,257
8"	PVC	7,110	8,230	-	15,340
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	21,572	-	-	21,572
16"	PVC	19,928	-	-	19,928
20"	PVC	26,958	-	-	26,958
24"	Steel	-	12,193	-	12,193
30"	Steel	-	3,634	-	3,634
36"	Steel	-	3,526	-	3,526
42"	Steel	32,510	12,845	-	45,355
		124,011	41,469	-	165,480

NONPOTABLE VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-03	Additions	Reductions	12-31-04
Air vacuum valves	-	36	-	36
Blowoff valve	-	21	-	21
Butterfly valve	-	9	-	9
Gate valve	147	13	-	160
Pito (Corp stop)	-	4	-	4
	147	83	-	230

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-03	Additions	Reductions	12-31-04
2"	-	4	-	4
4"	14	36	-	50
6"	15	23	-	38
8"	24	8	-	32
10"	2	-	-	2
12"	66	2	-	68
16"	-	1	-	1
20"	26	-	-	26
24"	-	2	-	2
30"	-	3	-	3
42"	-	4	-	4
	147	83	-	230

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2004

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
6"	Cast Iron	124
6"	Cement Asbestos	3
6"	Ductile Iron	1
6"	PVC	2
8"	Cast Iron	32
8"	Cement Asbestos	2
8"	Ductile Iron	5
8"	PVC	1
10"	Cast Iron	2
10"	Ductile Iron	1
12"	Cast Iron	34
12"	Ductile Iron	2
12"	Cement Asbestos	2
12"	PVC	1
16"	Cast Iron	2
20"	PVC	1
30"	Cast Iron	2
36"	Steel	1
60"	Concrete	1
	Total	219

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cast Iron	2
4"	Ductile Iron	1
6"	Cast Iron	20
6"	Ductile Iron	2
6"	Cement Asbestos	3
8"	Cast Iron	8
8"	Cement Asbestos	3
8"	Ductile Iron	2
10"	Cast Iron	3
12"	Ductile Iron	3
16"	Cast Iron	1
16"	Ductile Iron	1
		49

WATER CONTROL SERVICES

	2004	2003	2002	2001	2000
Service Calls	5,627	2,537	2,793	2,916	3,097
Service Leaks	1,204	1,117	1,034	794	907
Service Turn Ons	1,945	3,319	3,570	2,507	2,467
Service Turn Offs	1,240	1,205	893	828	806
Valve Leaks	75	74	100	78	135
Fire Hydrants Hit	125	138	133	146	112
Fire Hydrants Packed and Greased	30,645	31,014	24,778	28,362	22,637
Fire Hydrants Excavated for Replacement	168	148	174	238	197
Fire Hydrants, Miscellaneous Repairs	1,107	1,107	962	858	929
Total Fire Hydrants Tested and Repaired	32,045	32,407	26,047	29,604	23,875

LEAK DETECTION PROGRAM

	2004	2003	2002	2001	2000
Non-Visible Leaks Detected	62	50	94	111	125
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	10,774	13,140	106,038	145,854	163,800
Visible Leaks Pinpointed	62	90	325	120	154
Savings Generated from Leak Detection Program[1]	43,400	$63,000	$195,000	$72,000	$107,800
Miles Surveyed	760	507	443	554	846

[1]Estimated.